

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Michael Kubayanda, Chairman;
Ann C. Fisher, Vice Chairman;
Mark Acton;
Ashley E. Poling; and
Robert G. Taub

Market-Dominant Price Change

Docket No. R2022-1

ORDER ON PRICE ADJUSTMENTS FOR FIRST-CLASS MAIL, USPS MARKETING
MAIL, PERIODICALS, PACKAGE SERVICES, AND SPECIAL SERVICES PRODUCTS
AND RELATED MAIL CLASSIFICATION CHANGES



Washington, DC 20268-0001
May 27, 2022

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Attachment—Mail Classification Schedule

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(Issued May 27, 2022)

I. INTRODUCTION AND OVERVIEW

On April 6, 2022, the Postal Service filed notice of its planned price adjustments and related mail classification changes for Market Dominant products.¹ The planned price adjustments described in the Notice are the second to be filed and reviewed pursuant to the new regulations of 39 C.F.R. part 3030, which were finalized in Order No. 5763 and include new forms of rate authority.² The Commission applies the

¹ United States Postal Service Notice of Market-Dominant Price Change, April 6, 2022 (Notice).

² See Docket No. RM2017-3, Order Adopting Final Rules for the System of Regulating Rates and Classes for Market Dominant Products, November 30, 2020 (Order No. 5763).

requirements of 39 C.F.R. part 3030, Commission directives and orders, and 39 U.S.C. §§ 3626, 3627, and 3629 to determine whether the Postal Service's proposals are consistent with applicable law. 39 C.F.R. § 3030.126(b).

The Commission concludes that the planned price adjustments, including workshare discounts, are consistent with the regulations of 39 C.F.R. part 3030 and applicable Commission directives and orders. The planned price adjustments are also consistent with the pricing requirements appearing in 39 U.S.C. § 3626 and do not implicate the pricing requirements appearing in 39 U.S.C. §§ 3627 and 3629. The Commission also concludes that the planned classification changes, with the revisions described in the body of this Order, are consistent with applicable law. All changes to the Mail Classification Schedule (MCS) appear in the Attachment following the signature line of this Order.

Table I-1 shows the percentage increases and total unused price authority available after this proceeding for each class as calculated by the Commission.

Table I-1
Percentage Increases and Total Unused Price Authority (By Class)

Class of Mail	Price Changes %	Total Unused Price Authority %
First-Class Mail	6.506	0.001
USPS Marketing Mail	6.500	0.005
Periodicals	8.540	0.000
Package Services	8.511	0.000
Special Services	6.441	0.067*
* After July 20, 2022, the total unused price authority for Special Services will be 0.062 percent. See Section IX.B.4., <i>infra</i> . Source: Library References PRC-LR-R2022-1-1 through PRC-LR-R2022-1-5, May 27, 2022.		

In Sections II. and III. of this Order, the Commission summarizes the relevant background and procedural history. In Section IV., the Commission addresses comments that raise general issues and apply to multiple classes. In Sections V. through IX., the Commission discusses the planned price adjustments and related price adjustment authority for First-Class Mail, USPS Marketing Mail, Periodicals, Package Services, and Special Services, respectively. Non-compensatory products, workshare discounts, mail classification changes, statutory preferential rates, nonprofit discounts, and class-specific comments are also discussed where applicable to a particular class.

II. BACKGROUND

On April 6, 2022, the Postal Service filed a notice of a Market Dominant price change pursuant to 39 C.F.R. part 3030. *See generally* Notice. The regulations in 39 C.F.R. part 3030 have several key features applicable to this proceeding.

First, the regulations provide for multiple forms of rate authority. 39 C.F.R. § 3030.127(a). In particular, the maximum rate adjustment authority available to the Postal Service for each Market Dominant class is made up of the rate authority available under 39 C.F.R. part 3030, subpart C (Consumer Price Index Rate Authority); 39 C.F.R. part 3030, subpart D (Density Rate Authority); 39 C.F.R. part 3030, subpart E (Retirement Obligation Rate Authority); 39 C.F.R. part 3030, subpart G (Non-compensatory Classes or Products); and 39 C.F.R. part 3030, subpart H (Accumulation of Unused and Disbursement of Banked Rate Adjustment Authority). *Id.*

Pursuant to 39 C.F.R. part 3030, subpart C, the amount of Consumer Price Index Rate Authority available to the Postal Service for each class of mail in this proceeding is 5.135 percent. Notice at 2. Pursuant to 39 C.F.R. part 3030, subparts D and E, the Density Rate Authority and Retirement Obligation Rate Authority available to the Postal Service for each class of mail in this proceeding are 0.583 and 0.785 percent,

respectively.³ In addition, 39 C.F.R. part 3030, subpart G provides for an additional 2 percentage points of rate authority for any class of mail where the attributable cost for that class exceeded the revenue from that class. 39 C.F.R. § 3030.222(a). In Fiscal Year (FY) 2021, the classes for which attributable cost exceeded revenue and are thus eligible for the additional 2 percentage points of rate authority are Periodicals and Package Services.⁴ Finally, the amount of banked rate authority available pursuant to 39 C.F.R. part 3030, subpart H varies by class, ranging from 0.002 percent for USPS Marketing Mail to 0.037 percent for Periodicals. Notice at 3. Added together, these forms of rate authority make up the total available rate adjustment authority available to the Postal Service for each class of mail in this proceeding, as shown in Table II-1.

Table II-1
Total Available Rate Adjustment Authority (By Class)

Class	CPI-U (%)*	Density (%)	Retirement (%)	Non-Compensatory (%)	Banked (%)	Total (%)
First-Class Mail	5.135	0.583	0.785	0.000	0.004	6.507
USPS Marketing Mail	5.135	0.583	0.785	0.000	0.002	6.505
Periodicals	5.135	0.583	0.785	2.000	0.037	8.540
Package Services	5.135	0.583	0.785	2.000	0.008	8.511
Special Services	5.135	0.583	0.785	0.000	0.005	6.508
<p>* Pursuant to 39 C.F.R. § 3030.143, the calculation for a Partial Year Limitation = (Recent Average/Previous Recent Average)–1. In the Notice, Attachment C, column “12-Month Total Divided by 12,” the value for February 2022 is 274.325 (Recent Average) and the value for April 2021 is 260.926 (Previous Recent Average). Thus, the Partial Year Limitation = (274.325/260.926)–1 = 5.135 percent.</p> <p>Source: Library References PRC-LR-R2022-1-1 through PRC-LR-R2022-1-5; Order No. 6130 at 5, 10, 12.</p>						

³ *Id.* at 3; Docket No. ACR2021, Determination of Available Market Dominant Rate Authority, March 29, 2022, at 5, 10, 12 (Order No. 6130).

⁴ Docket No. ACR2021, *Annual Compliance Determination*, March 29, 2022, at 27, 36 (FY 2021 ACD); Order No. 6130 at 12; Notice at 3.

Second, the regulations have requirements specific to non-compensatory products, which are products where the attributable cost for that product exceeds the revenue from that product. Whether a product is non-compensatory is determined by the Commission. 39 C.F.R. § 3030.220. The regulations provide that rates may not be reduced for any non-compensatory product. *Id.* § 3030.127(b). In addition, if a non-compensatory product is part of class of mail that is compensatory overall, the rates for each non-compensatory product must increase by a minimum of 2 percentage points above the percentage increase for that class. *Id.* § 3030.221. However, this requirement “does not apply to a non-compensatory product for which the Commission has determined that the Postal Service lacks independent authority to set rates (such as rates set by treaty obligation).” *Id.*

Third, 39 C.F.R. part 3030, subpart J contains the requirements for workshare discounts. If a workshare discount is equal to the cost avoided by the Postal Service,⁵ the size of the discount cannot be changed. *Id.* § 3030.282(a). If a workshare discount exceeds the cost avoided by the Postal Service, then the size of the discount cannot be increased. *Id.* § 3030.282(b). Likewise, if a workshare discount is less than the cost avoided by the Postal Service, then the size of the discount cannot be decreased. *Id.* § 3030.282(c).

In addition, the regulations provide specific limitations on how workshare discounts that do not equal the cost avoided can be set. Workshare discounts that exceed the cost avoided by the Postal Service are permissible only if: (1) the proposed workshare discount is associated with a new postal service, a change to an existing postal service, or a new workshare initiative; (2) the proposed workshare discount is a minimum of 20 percent less than the existing workshare discount; or (3) the proposed

⁵ The cost avoided refers to the cost avoided by the Postal Service for not providing the applicable service that the worksharing mailer is providing in lieu of the Postal Service. For the purposes of this proceeding, the cost avoided by the Postal Service refers to the amount identified in the FY 2021 ACD. *Id.* § 3030.280.

workshare discount is provided in connection with a subclass of mail, consisting exclusively of mail matter of educational, cultural, scientific, or informational value and is in compliance with 39 C.F.R. § 3030.285(c).⁶ Workshare discounts that are less than the cost avoided by the Postal Service are permissible only if: (1) the proposed workshare discount is associated with a new postal service, a change to an existing postal service, or a new workshare initiative; (2) the proposed workshare discount is a minimum of 20 percent more than the existing workshare discount; or (3) the percentage passthrough⁷ for the proposed workshare discount is at least 85 percent.⁸

III. PROCEDURAL HISTORY

A. Notice and Initial Commission Action

On April 6, 2022, the Postal Service filed its Notice with the Commission pursuant to 39 C.F.R. part 3030. In its Notice, the Postal Service announced its intention to adjust the prices for Market Dominant products on July 10, 2022, at 12:01 a.m. by amounts that are within the available price adjustment authority for each class of mail. Notice at 1, 4-5.

⁶ *Id.* § 3030.283. There is also an exception for workshare discounts that have received an advance waiver from the Commission pursuant to 39 C.F.R. § 3030.286 that is inapplicable to this proceeding. *Id.* § 3030.283(d).

⁷ The relationship between workshare discounts and avoided costs is usually expressed as a percentage called a passthrough, which is generally calculated by dividing the discount by the cost avoided. Workshare discounts with passthroughs below 100 percent are considered below-avoided-cost workshare discounts.

⁸ *Id.* § 3030.284. There is also an exception for workshare discounts that have received an advance waiver from the Commission pursuant to 39 C.F.R. § 3030.286 that is inapplicable to this proceeding. *Id.* § 3030.284(d).

The Notice includes three attachments, which present the planned price and related product description changes to the MCS, workshare discount calculations, and price cap calculations, respectively. *Id.* Attachments A-C. On April 12, 2022, the Postal Service revised Attachment A in its entirety.⁹ The Postal Service also filed five public library references and one non-public library reference in support of its Notice:

- | | |
|--|---|
| • Library Reference USPS-LR-R2022-1/1, April 6, 2022 | First-Class Mail Workpapers |
| • Library Reference USPS-LR-R2022-1/2, April 6, 2022 | USPS Marketing Mail Workpapers |
| • Library Reference USPS-LR-R2022-1/3, April 6, 2022 | Periodicals Workpapers |
| • Library Reference USPS-LR-R2022-1/4, April 6, 2022 | Package Services Workpapers |
| • Library Reference USPS-LR-R2022-1/5, April 6, 2022 | Special Services Workpapers |
| • Library Reference USPS-LR-R2022-1/NP1, April 6, 2022 | First-Class Mail International and Inbound Letter Post Workpapers (Nonpublic) |

The Postal Service requested non-public treatment of information pertaining to Outbound Single-Piece First-Class Mail International (Outbound Single-Piece FCMI) and Inbound Letter Post contained in Library Reference USPS-LR-R2022-1/NP1.¹⁰

⁹ United States Postal Service Notice of Filing Updated Mail Classification Schedule Language, April 12, 2022, Attachment A (Revised Attachment A). When discussing the Postal Service's proposed MCS changes in this Order, the Commission references Revised Attachment A rather than the initial Attachment A filed with the Notice.

¹⁰ See USPS Notice of Filing USPS-LR-R2022-1-NP1, April 6, 2022, Attachment 1.

On April 7, 2022, the Commission issued Order No. 6146, which provided public notification of the Notice; established Docket No. R2022-1 to consider the planned price adjustments' consistency with applicable statutory and regulatory requirements; appointed a Public Representative; and provided an opportunity for interested persons to comment.¹¹

B. Additional Information Regarding the Notice

In response to questions presented in Chairman's Information Requests (CHIRs), the Postal Service provided additional information relating to the planned price adjustments and classification changes. The following summary, organized by class, highlights the Postal Service's filing of corrections to the MCS, attachments, and library references responsive to issues identified in the CHIRs. In addition, two questions were posed raising cross-class issues; one related to missing billing determinants for several mail classes and another related to compliance with 39 C.F.R. part 3030,¹² to which the Postal Service responded with the required information.¹³

Five questions were posed to the Postal Service relating to First-Class Mail.¹⁴ In response to these questions, the Postal Service provided additional information regarding Round Trip Mailer (RTM) prices, Inbound Letter Post prices and current

¹¹ Notice and Order on Price Adjustments and Classification Changes for Market Dominant Products, April 7, 2022 (Order No. 6146).

¹² Chairman's Information Request No. 1, April 8, 2022, questions 1, 5 (CHIR No. 1).

¹³ Response of the United States Postal Service to Question 1 of Chairman's Information Request No. 1, April 8, 2022, question 1; Responses of the United States Postal Service to Questions 2-5 of Chairman's Information Request No. 1, April 15, 2022, question 5 and Excel file "R2022-1_PriceCaseCapHistory.xlsx" (April 15 Response to CHIR No. 1).

¹⁴ Chairman's Information Request No. 2, April 14, 2022, questions 1-3 (CHIR No. 2); Chairman's Information Request No. 3 and Notice of Filing Under Seal, April 20, 2022, question 1 (CHIR No. 3); Chairman's Information Request No. 4, April 26, 2022, question 1 (CHIR No. 4).

offerings, and the proposed uniform rate structure and increased weight limit for Qualified Business Reply Mail (QBRM) Letters.¹⁵

Five questions were posed to the Postal Service relating to USPS Marketing Mail.¹⁶ In response to these questions, the Postal Service provided information required by the FY 2010 *Annual Compliance Determination* (ACD), additional information regarding MCS changes proposed in Revised Attachment A and the April 21 Response to CHIR No. 2, and a corrected Library Reference USPS-LR-R2022-1/2, Excel file “USPS-FY21-11_MM_CR_HD_SAT.xlsx.”¹⁷ In addition, the Postal Service provided updated pages of Revised Attachment A reflecting changes to Revised Attachment A related to multiple mail classes.¹⁸

Two questions were posed to the Postal Service relating to Periodicals. CHIR No. 1, question 3; CHIR No. 2, question 6. In response to these questions, the Postal Service provided additional information regarding adjustments to the billing determinants for Science of Agriculture pounds for Zones 3-9 and filed a corrected

¹⁵ Responses of the United States Postal Service to Chairman’s Information Request No. 2, Questions 1-6, 8, and 9, April 21, 2022, questions 1-3 (April 21 Response to CHIR No. 2); Responses of the United States Postal Service to Chairman’s Information Request No. 3 and Notice of Filing Under Seal, April 27, 2022, question 1 (Response to CHIR No. 3); Responses of the United States Postal Service to Chairman’s Information Request No. 4, April 29, 2022, question 1 (Response to CHIR No. 4).

¹⁶ CHIR No. 1, question 2; CHIR No. 2, questions 4-5; CHIR No. 3, question 2; CHIR No. 4, question 2.

¹⁷ April 15 Response to CHIR No. 1, question 2; April 21 Response to CHIR No. 2, questions 4-5; Response to CHIR No. 3, question 2 and Excel file “R2022-1 USPS-FY21-11_MM_CR_HD_SAT_CHIR3_Q2.xlsx;” Response to CHIR No. 4, question 2.

¹⁸ April 21 Response to CHIR No. 2, question 4.c. and Revised MCS Pages for Attachment A, April 21, 2022 (Attachment). These changes are raised in the class-specific sections of this Order as appropriate. One change, removal of the “Plus One” market test under the “Market Tests” heading of section 1000 of the MCS is not related to any class and has already been made to the most recent version of the MCS. April 21 Response to CHIR No. 2, question 4.c. and Attachment at 4; Postal Regulatory Commission, Mail Classification Schedule (MCS), October 3, 2021 (with revisions through March 31, 2022), § 1000, available at <http://www.prc.gov/mail-classification-schedule>. The Commission determines no further changes are needed in this proceeding.

Library Reference USPS-LR-R2022-1/3, Excel file "USPS-CAPCALC-PER-R2022-1.xlsx" to reflect changes needed to match Seamless Acceptance data to Postal One.¹⁹

No questions were posed to the Postal Service relating to Package Services.

Nine questions were posed to the Postal Service relating to Special Services.²⁰ In response to these questions, the Postal Service provided additional information about expiring banked rate adjustment authority, provided additional detail regarding several classification changes to Address Management Services and the new Customized Address category for Caller Service, provided updated pages to Revised Attachment A reflecting the changes to Address Management Services, clarified the availability of insurance with postage for Priority Mail Return service, and provided additional information about Library Reference USPS-LR-R2022-1/5 and the Special Services' billing determinants, including filing a revision to the billing determinants and Library Reference USPS-LR-R2022-1/5, Excel file "R2022-1 Special Services CapCalc.xlsx."²¹

¹⁹ April 15 Response to CHIR No. 1, question 3 and Excel file "R2022-1_CHIR_1_Q3.xlsx;" April 21 Response to CHIR No. 2, question 6 and Excel file "(Revised) USPS-CAPCALC-PER-R2022-1.xlsx."

²⁰ CHIR No. 1, question 4; CHIR No. 2, questions 7-9; CHIR No. 3, questions 3-7.

²¹ April 15 Response to CHIR No. 1, question 4; April 21 Response to CHIR No. 2, questions 8-9; Response of the United States Postal Service to Chairman's Information Request No. 2, Question 7 (Refiled), April 27, 2022, question 7 and Attachment A at 170-72 (April 27 Response to CHIR No. 2); Response to CHIR No. 3, questions 3-7, Excel files "R2022-1 CHIR 3 Q6 Special Services_4-21.xlsx" and "R2022-1 Special Services CapCalc_4-21.xlsx." The Postal Service initially filed a response to CHIR No. 2, question 7 on April 26, 2022, but that version did not contain the responses to questions 7.a.iii. and iv. United States Postal Service Notice of Errata, April 27, 2022, at 1; see Response of the United States Postal Service to Chairman's Information Request No. 2, Question 7, April 26, 2022. The complete response was refiled as the April 27 Response to CHIR No. 2. *Id.* The Postal Service also motioned for late acceptance of the initial response to CHIR No. 2, question 7, stating that the response "required detailed internal investigation, consultation, and coordination, including with key personnel who were absent" and the delay should not prejudice any party. United States Postal Service Motion for Late Acceptance of Response to Question 7 of Chairman's Information Request No. 2, April 26, 2022, at 1 (April 26 Motion). The April 26 Motion is granted.

C. Comments

The Commission received comments on the planned price adjustments from the following participants: the Greeting Card Association (GCA), MPA – The Association of Magazine Media (MPA), the National Association of Presort Mailers (NAPM), the National Postal Policy Council (NPPC), Pitney Bowes Inc. (Pitney Bowes), the Association for Postal Commerce (PostCom), the Public Representative, and John Stella.²² This Order summarizes and analyzes these comments where relevant to the issues presented.

IV. RESOLUTION OF CROSS-CLASS ISSUES

This section resolves general issues raised in comments that apply across multiple classes. For example, it includes comments that object to the Postal Service's planned price adjustments overall or otherwise address the planned price adjustments or underlying regulations more generally, and are not targeted toward a specific class, product, or rate cell.²³ In this section, the Commission summarizes and addresses those comments by topic. Topics addressed in this section include the applicability of

²² Comments of the Greeting Card Association, May 6, 2022 (GCA Comments); Comments of MPA – The Association of Magazine Media, May 6, 2022 (MPA Comments); Comments of the National Association of Presort Mailers, May 6, 2022 (NAPM Comments); Comments of the National Postal Policy Council, May 6, 2022 (NPPC Comments); Comments of Pitney Bowes Inc., May 6, 2022 (Pitney Bowes Comments); Comments of the Association for Postal Commerce, May 6, 2022 (PostCom Comments); Public Representative Comments, May 6, 2022 (PR Comments); Comment Received from John Stella, May 9, 2022 (Stella Comments).

²³ Each of the Market Dominant classes consists of multiple products. The term product “means a postal service with a distinct cost or market characteristic for which a rate or rates are, or may reasonably be, applied.” 39 U.S.C. § 102(6). Within each product, there may be multiple rate cells, which refer to each price. Where helpful, this Order also refers to categories, which refer to groups of rate cells, either within a single product or multiple products. By way of example, Periodicals (class) consists of two products (In-County and Outside County). The Outside County product has more than a hundred rate cells that provide prices based on numerous criteria such as per pound rates versus per piece rates, presortation level and barcoding, usage of a container (pallet versus sack/tray) versus bundle, induction point or zone, advertising content, and statutory preferences accorded to certain publications such as nonprofit or classroom. See Library Reference PRC-LR-R2022-1-3, Excel file “PRC-CAPCALC-PER-R2022-1.xlsx.”

the objectives and factors of 39 U.S.C. § 3622(b) and (c) to this proceeding; the necessity of the rate adjustments as related to the Postal Service's financial health; the amount of rate adjustment authority used; the application of the rules in 39 C.F.R. part 3030, subpart J; the frequency of price adjustment proceedings; the notice requirements for price adjustments; the effects of the proposed price adjustments; and pricing incentives and promotions. To the extent comments raise specific issues or topics covered elsewhere in this Order, those comments are addressed where relevant to the issues presented.

A. The Applicability of the Objectives and Factors

Comments. NPPC asserts that the modified system of ratemaking offers no check as to whether the proposed price increases are “judicious” or comply with the objectives of 39 U.S.C. § 3662(b) “because the current regulations presume, rather circularly, that any proposed rates that fit within the letter of the regulations are thereby consistent with the statutory objectives and factors.” NPPC Comments at 6. NPPC submits this aspect of Order No. 5763 is “contrary to the statute” and the *Carlson* decision of the United States Court of Appeals for the District of Columbia Circuit (Court of Appeals for the D.C. Circuit) and that “[c]hanging the regulatory review process does not eliminate the statutory requirement that rates comport with the objectives and factors.”²⁴ In addition, several commenters point to specific objectives of 39 U.S.C. § 3622(b) or factors of 39 U.S.C. § 3622(c) in relation to other arguments they raise without extensive elaboration on the particular objectives or factors.²⁵

Commission analysis. As part of the modified ratemaking system the Commission designed in Docket No. RM2017-3, the Commission proposed and, after

²⁴ *Id.* n.10 (citing *Carlson v. Postal Regul. Comm’n*, 938 F.3d 337 (D.C. Cir. 2019)).

²⁵ See, e.g., Pitney Bowes Comments at 3 n.9, 4; NAPM Comments at 8, 9; NPPC Comments at 6, 17; PostCom Comments at 2-3.

notice and comment, finalized changes to the rules that discontinued consideration of the objectives of 39 U.S.C. § 3622(b) and factors of 39 U.S.C. § 3622(c) in individual rate adjustment proceedings.²⁶ The modified ratemaking system was designed to properly balance the statutory objectives and factors of the Postal Accountability and Enhancement Act (PAEA) in advance of individual rate adjustments.²⁷ Specifically, in Order No. 5763, the Commission undertook an extensive balancing of the objectives in conjunction with each other as instructed by 39 U.S.C. § 3622(b) and (d)(3) to reach the conclusion that the modifications made to the ratemaking system are those designed “to address deficiencies that frustrate the achievement of the objectives of the PAEA” and “are necessary for the system of ratemaking to achieve the objectives enumerated in section 3622(b).”²⁸ Therefore, the Commission concluded that the “modified ratemaking system will achieve the PAEA’s objectives as required under 39 U.S.C. § 3622(d)(3)[.]” and as a result, “review for consistency with the objectives and factors is unnecessary in individual rate adjustments under the Commission’s modified system.” *Id.* at 258. Because the modified ratemaking system governs the Postal Service’s rate design, the Commission found that there is no need to justify each rate adjustment proceeding individually as consistent with the objectives and factors. *Id.* at 260.

²⁶ Docket No. RM2017-3, Revised Notice of Proposed Rulemaking, December 5, 2019, at 239-40 (Order No. 5337); Order No. 5763 at 258. See 39 C.F.R. §§ 3030.122, 3030.123, and 3030.126.

²⁷ Order No. 5763 at 260. See Postal Accountability and Enhancement Act, Pub. L. 109-435, 120 Stat. 3198 (2006).

²⁸ Order No. 5763 at 364; 39 U.S.C. § 3622(b), (d)(3). 39 U.S.C. § 3622(d)(3) states that “[i]f the Commission determines, after notice and opportunity for public comment, that the system is not achieving the objectives in subsection (b), taking into account the factors in subsection (c), the Commission may, by regulation, make such modification or adopt such alternative system for regulating rates and classes for market-dominant products as necessary to achieve the objectives.” 39 U.S.C. § 3622(d)(3). See Order No. 5763 at 285-365. The Commission also notes that in Order No. 5763 it made clear that it intends to undertake a holistic review of the modified ratemaking system 5 years after the date that the final rules went into effect and that it would open such a review sooner if necessary. *Id.* at 260, 267. The Commission notes that any such review and related further modifications to the ratemaking system would involve renewed consideration of whether the ratemaking system is achieving the objectives of 39 U.S.C. § 3622(b) and whether changes are necessary to achieve those objectives consistent with 39 U.S.C. § 3622(d)(3).

The Commission also found that under the new regulations, “[i]f the Postal Service proposes a rate adjustment compliant with the final rules, then that planned rate adjustment would be consistent with the objectives and factors.” *Id.* at 261. As a result, 39 C.F.R. part 3030 calls for a narrow review, with the Commission’s role being limited to reviewing planned price adjustments for consistency with applicable law. 39 C.F.R. § 3030.126(b). Applicable law is defined as the applicable requirements of 39 C.F.R. part 3030, Commission directives and orders, and 39 U.S.C. §§ 3626, 3627, and 3629. *Id.*

NPPC asserts that the Commission’s decision not to consider the objectives and factors in individual rate adjustment proceedings is contrary to statute and the *Carlson* decision. NPPC Comments at 6 n.10. NPPC does not, however, point to any statutory provision that requires this because no such provision exists. *See id.* As the Commission explained in Docket No. RM2017-3, “[t]he qualitative criteria encapsulated in the objectives and factors are unambiguously relevant to the design of the Market Dominant ratemaking system as a whole” in rulemaking proceedings under 39 U.S.C. § 3622(a) and 39 U.S.C. § 3622(d)(3). Order No. 5763 at 256. The Commission further explained that “[t]he PAEA does not require the objectives and factors to be considered in the Commission’s pre-implementation review of the Postal Service’s planned rate adjustments” nor does it “unambiguously require the Commission to issue regulations that would require the Commission’s pre-implementation review of the Postal Service’s planned rate adjustments to explicitly consider the objectives and factors.” *Id.* The Commission also explained that the *Carlson* decision relied on an interpretation of the regulations then in effect and “did not rest on the premise that the PAEA unambiguously required the Commission to apply the objectives and factors in rate adjustments or to issue regulations that would require the Commission’s pre-implementation review of the

Postal Service's planned rate adjustments to explicitly consider the objectives and factors."²⁹

Given that the Commission's authority to streamline the process for rate adjustment dockets was extensively commented on in Docket No. RM2017-3,³⁰ the appropriate forum for resolution of NPPC's claim that the Commission's change in approach violated the *Carlson* decision or the statute was at the Court of Appeals for the D.C. Circuit in the appeal of Docket No. RM2017-3. Petitioners (which included NPPC) in that proceeding did not elect to pursue a challenge related to that issue before the Court of Appeals for the D.C. Circuit, and the court ultimately found in the Commission's favor on all issues raised before the court.³¹

Because the Commission finds that the planned price adjustments are consistent with applicable law, including 39 C.F.R. part 3030, the Commission also finds that the planned price adjustments are consistent with the objectives and factors. The Commission declines to undertake a further review of the planned price adjustments' consistency with individual objectives and factors because such a review is outside the scope of the Commission's review in rate adjustment proceedings under the modified ratemaking system. The Commission notes that 39 C.F.R. § 3030.126(j) allows for a subsequent review of the Commission's finding of consistency with the objectives and factors of 39 U.S.C. § 3622(b) and (c).³⁰

²⁹ Order No. 5763 at 257; Order No. 5337 at 239 n.327. See *Carlson*, 938 F.3d at 343, 345. The Commission also provided extensive discussion in Order No. 5763 to explain the basis for its change in approach. Order No. 5763 at 255-65.

³⁰ 39 C.F.R. § 3030.126(j); see FY 2021 ACD at 72-75. See Order No. 5763 at 246-48.

³¹ NPPC and the Major Mailers Association mentioned this issue in their petition for review in that case but did not raise it in their briefs. See *Nat'l Postal Pol'y Council v. Postal Regul. Comm'n*, No. 17-1276 (D.C. Cir. Jan. 27, 2021), ECF Document No. 1882037, at 2 (listing this issue on the NPPC and Major Mailers Association petitioners' statement of issues to be raised on appeal); *Nat'l Postal Pol'y Council v. Postal Regul. Comm'n*, 17 F.4th 1184 (D.C. Cir. 2021), *petition for cert. filed*, No. 21-1124 (U.S. Feb. 10, 2022).

B. Rate Increases and the Postal Service's Financial Health

Comments. Two commenters assert that the rate increases in this proceeding are unreasonable in light of the Postal Service's financial health. See, e.g., PostCom Comments at 1-2; NPPC Comments at 2-3. Specifically, PostCom asserts that the proposed increases in this proceeding are unreasonable given they were filed 7 months after the Docket No. R2021-2 increases and at the same time as when the Postal Service Reform Act of 2022 (PSRA) was signed into law.³² PostCom states that the PSRA relieves the Postal Service of \$57 billion in long-term liabilities and from having to prefund a portion of its pension liabilities. PostCom Comments at 2. PostCom asserts that using all available rate authority is unreasonable given the Postal Service's "unprecedented cash holdings and record operating revenues." *Id.* PostCom concedes that the regulations permit such increases and argues that the Commission should "revisit its ill-considered regulations" "to provide [an] appropriate remedy." *Id.*

NPPC also argues that the price increases are coming at a time when the Postal Service "has accumulated nearly \$25 billion in cash on its balance sheet and benefits enormously from recent legislation that erased \$57 billion in current liabilities and a similar amount of future liabilities for an improvement of well over \$100 billion." NPPC Comments at 2. NPPC argues that the Postal Service "too aggressively focuses on enhancing the bottom line" and does not explain why the proposed price increases are necessary or appropriate in light of its "greatly improved financial condition" or needs. *Id.* at 2-3, 8-9. NPPC asserts that nothing in the Notice "even begins to address the need or to reflect the impact on finances from the [PSRA]." *Id.* at 3.

Commission analysis. PostCom and NPPC attempt to relitigate the amount of price adjustment authority available to the Postal Service in light of what they deem to

³² PostCom Comments at 1-2. See Postal Service Reform Act of 2022, Pub. L. 117-108, 136 Stat. 1127 (2022).

be changed financial circumstances due to the PSRA. PostCom Comments at 1-2; NPPC Comments at 2-3. As a preliminary matter, the Commission emphasizes that the amount of rate authority available to the Postal Service in this proceeding is a settled issue. In their appeal of the modified ratemaking system, petitioners argued that the modified ratemaking system and the additional forms of rate authority in particular were arbitrary and capricious because they were unnecessary to achieve the objectives of 39 U.S.C. § 3622(b). *Nat'l Postal Pol'y Council*, 17 F.4th at 1193, 1196. The Court of Appeals for the D.C. Circuit ultimately concluded “the Commission articulated a rational connection between the statutory objectives and the decision it made” and that petitioners “offer[ed] no basis for the court to conclude that the Commission’s decision was arbitrary and capricious in meeting the statutory objectives.” *Id.* at 1195. The court also confirmed that the Commission’s reasoning for the additional forms of rate authority was not invalidated by financial data provided by the petitioners and that the Commission “adequately supported its decision.” *Id.* at 1196.

Based on the Court of Appeals for the D.C. Circuit’s decision, there is no question that the new forms of rate authority authorized in Docket No. RM2017-3 are available for Postal Service use in this proceeding under current law. Relitigating the necessity of the rate authority available to the Postal Service is inappropriate in the context of this proceeding as the Commission’s review is narrowly tailored to ensuring the planned price adjustments comply with applicable law. 39 C.F.R. § 3030.126(b). Applicable law is defined as the applicable requirements of 39 C.F.R. part 3030, Commission directives and orders, and 39 U.S.C. §§ 3626, 3627, and 3629. *Id.* Neither the regulations nor the *Nat'l Postal Pol'y Council* decision require review of (or even suggest the Commission should review) the current financial status of the Postal Service to determine if rate authority may be used in individual rate adjustment proceedings, and it would be inconsistent with 39 C.F.R. part 3030 to do so.

Because the determination of the amount of price adjustment authority available to the Postal Service is set by regulation, changing how the available authority is calculated based on the PSRA as PostCom and NPPC suggest could only occur within a rulemaking proceeding. The Commission notes that the calculation of the amount available to the Postal Service under one of the new forms of rate authority, the Retirement Obligation Rate Authority, automatically incorporated the fact that the PSRA set the payments due for specific Retiree Health Benefits to zero. Order No. 6130 at 8. That incorporation ensured “that the Postal Service no longer receives retirement-based rate authority based on the retirement obligations” removed by the PSRA.³³ The Commission also notes that it plans to review the modified ratemaking system 5 years after implementation and that such a review would necessarily include an assessment of the Postal Service’s overall financial health in conjunction with consideration of whether the objectives of 39 U.S.C. § 3622(b) are being achieved under the modified ratemaking system. Order No. 5763 at 267; n.28, *supra*.

Finally, regarding NPPC’s concern that the Postal Service does not explain why the proposed price increases are necessary or appropriate in light of its financial position, financial needs, and the PSRA, the Commission notes that the Postal Service is not required to provide any such explanation and the Commission declines to require one at this time. See NPPC Comments at 3, 8-9; 39 C.F.R. §§ 3030.122 and 3030.123. As the Commission stated above, nothing ties the current financial status of the Postal Service and fluctuations in its balance sheet to the amount of rate authority available in individual rate adjustment proceedings, and it would be inconsistent with 39 C.F.R. part

³³ *Id.* Because the formula and its inputs set out by regulation were “designed to incorporate updates to the calculation of the total payment—explicitly including updates as a result of the PSRA,” no rulemaking was needed. *Id.*

3030 to require such a link.³⁴ Therefore, it is also unnecessary for the Postal Service to justify individual price adjustments as necessary in light of its current financial status.

C. The Amount of Rate Adjustment Authority Used

Comments. Several commenters take issue with the Postal Service's decision to use nearly all of the available rate adjustment authority.³⁵ PostCom asserts that "there is now ample empirical evidence that the Commission's naïve belief that the Governors would curb the monopolistic tendencies of postal management were misplaced." PostCom Comments at 2. MPA similarly asserts that the expectation that the Postal Service would engage in "prudent pricing" under the modified ratemaking system has not yet materialized. MPA Comments at 1.

NPPC notes that despite a history of declining Market Dominant volumes, the Postal Service is "imposing maximum rate increases on mailers subject to the postal monopoly." NPPC Comments at 1-2. NPPC further notes that the proposed prices "result in compounded increases of nearly 14 percent in only 11 months for mail classes . . . that cover their costs." *Id.* at 2. NPPC asserts that the Postal Service focuses too much on increasing revenue, "in a pricing environment with monopoly power, rather than on the provision of a national service provided to the people." *Id.* As an example, NPPC references First-Class Mail, which it states will have a compounded increase of

³⁴ The Commission notes that prior to enactment of the PAEA, the ratemaking system was a cost-of-service system with a break-even mandate, in which the Postal Service was expected to generate sufficient revenue to cover its operating costs. Order No. 5763 at 4. Under that system, rates were set so that the total estimated revenues would equal as nearly as practicable total estimated costs. *Id.* When the Postal Service deemed a rate adjustment necessary under that system, it filed a request with the Commission, which included a set of proposed rates designed to achieve the revenue requirement. Order No. 4257 at 25. The PAEA ended the direct and explicit link between costs and rate authority and ended the corresponding need for the Postal Service to justify its proposed rates based on costs as it did under the former cost-of-service system. See Order No. 5763 at 4.

³⁵ See, e.g., PostCom Comments at 2; MPA Comments at 1; NPPC Comments at 1-7.

17.226 percent in 18 months with this price increase, 13.763 percent of which occurred in just over 10 months. *Id.* at 3-4.

NPPC notes that in addition to these rate increases, “First-Class and other market-dominant mailers are receiving deliberately slowed service . . . and continue to suffer, as they have for seven years, from service that failed – for every single First-Class Mail product—to meet the Postal Service’s self-imposed targets, much less the published standards.” *Id.* at 4-5. NPPC asserts that about half of the compounded increases are the result of the new forms of rate authority, which NPPC claims “substantially insulate the Postal Service from the financial consequences of declining volume” and allow the Postal Service to charge higher prices and slow service. *Id.* at 5.

NPPC also asserts that the price increases experienced since the implementation of the new forms of rate authority are inconsistent with the expectations laid out in Order No. 5763, that the Postal Service would not increase rates “too sharply” and that the Postal Service would exercise “business judgment to smooth out rate adjustments.” *Id.* at 6 (citing Order No. 5763 at 314). NPPC states that external controls have been insufficient to “have any constraining effect on postal rates.” *Id.* at 7.

NPPC also takes issue with the lack of explanation for the proposed increases. *Id.* at 7-9. Although it concedes that such an explanation is not required, NPPC states the Commission should consider requiring an explanation. *Id.* at 8. NPPC argues it would be helpful to have an explanation of “how these sharp rate hikes fit into a coherent strategy of how pricing will be used to improve service and mailer satisfaction,” “how pricing may encourage mailers to increase their use of the system,” and the Postal Service’s general plans and strategy in order to help mailers determine whether to continue to make investments in mailing equipment, software, and related services. *Id.* at 7, 8.

Commission analysis. In Docket No. RM2017-3, the Commission reviewed the initial ratemaking system put in place by the PAEA to determine if the system was

achieving the objectives of 39 U.S.C. § 3622(b), taking into account the factors of 39 U.S.C. § 3622(c). 39 U.S.C. § 3622(d)(3). Objective 5 provides that the ratemaking system is to “assure adequate revenues, including retained earnings, to maintain financial stability.” *Id.* § 3622(b)(5). After reviewing the initial ratemaking system pursuant to 39 U.S.C. § 3622(d)(3), the Commission found that financial stability had not been achieved because total revenue had been inadequate to cover total costs, resulting in the Postal Service suffering a net loss every year during the first decade of the PAEA era.³⁶ Over time, the accumulation of net losses resulted in accumulated deficits, which prevented the Postal Service from being able to achieve retained earnings. *Id.* at 169-71. In the decade after the PAEA was enacted, the Postal Service suffered a cumulative net loss of \$59.1 billion and defaulted on the vast majority of its statutory payment obligations. Order No. 5763 at 7. The Commission determined that since the enactment of the PAEA, the Postal Service had not had any working capital (assets in excess of liabilities), its capital expenditure ratio had declined, and its debt ratio had steadily increased. Order No. 4257 at 172-75.

In light of these findings, the Commission found that modifications to the initial ratemaking system, including additional forms of rate authority, were necessary to achieve the PAEA’s statutory objectives, including Objective 5. 39 U.S.C. § 3622(d)(3); Order No. 5763 at 285-86, 333-48. In balancing Objective 5 against the PAEA’s other objectives, the Commission focused on providing the Postal Service with additional revenue to address discrete sources of costs over which the Postal Service does not have direct control. *Id.* at 285. The Commission found that providing additional rate authority to mitigate the near-term financial pressure on the Postal Service is necessary to lead to financial stability. *Id.* at 341. As discussed in Section IV.B., *supra*, in reviewing the Commission’s decision, the Court of Appeals for the D.C. Circuit

³⁶ Docket No. RM2017-3, Order on the Findings and Determination of the 39 U.S.C. § 3622 Review, December 1, 2017, at 165-69, 247-49 (Order No. 4257).

concluded “the Commission articulated a rational connection between the statutory objectives and the decision it made” and that petitioners “offer[ed] no basis for the court to conclude that the Commission’s decision was arbitrary and capricious in meeting the statutory objectives.” *Nat’l Postal Pol’y Council*, 17 F.4th at 1195.

NPPC, PostCom, and MPA imply that the Postal Service’s decision to use nearly all of its rate adjustment authority and the resulting amount of the increases run counter to the Commission’s expectations in Docket No. RM2017-3 and represent unreasonably monopolistic behavior.³⁷ However, the Commission found the additional forms of rate authority were necessary for the achievement of financial stability, and the Commission targeted the new forms of rate authority to address discrete sources of costs over which the Postal Service does not have direct control. In addition, the Postal Service is navigating the same inflationary environment and uncertainty as other businesses in the economy. Most importantly, the most substantial amount of rate authority available to the Postal Service in this proceeding (*i.e.*, 5.135 percent for each class) is a result of the change in inflation and would have been available to the Postal Service under the initial ratemaking system and was not altered by the modified ratemaking system. 39 U.S.C. § 3622(d)(1)(A); 39 C.F.R. part 3030, subpart C.

In Docket No. RM2017-3, the Commission emphasized that the Board of Governors of the Postal Service sets the rates for postal services, not the Commission, and “is in the best position to determine how to best utilize the pricing authority and make decisions about specific price increases.” Order No. 5763 at 81, 270. The Commission expected “the Postal Service to use its business judgment in utilizing the tools provided in the system of ratemaking to craft pricing schemes and specific prices” and noted the Postal Service “can choose not to use all of its available rate authority if it decides that doing so would be counterproductive.” *Id.* at 83, 270. NPPC points out

³⁷ See NPPC Comments at 1-7; PostCom Comments at 2; MPA Comments at 1.

that the Commission found that a “larger amount of rate authority available for use increases the Postal Service’s opportunity and capacity to use its business judgment to smooth out rate adjustments,” and this remains the case as the Postal Service has the discretion to bank rate authority, propose promotional or discount rates, propose rate decreases, or forgo rate increases under the regulations. NPPC Comments at 6; Order No. 5763 at 313-14. Although the Postal Service can elect not to use all of its available rate authority and is expected to use its business judgment in setting prices and pricing strategies, the Postal Service’s election to use nearly all of its rate adjustment authority in this proceeding is within the scope of the Postal Service’s price-setting discretion. It is not inconsistent with the expectations the Commission described in Order No. 5763 for the Board of Governors of the Postal Service to determine in its business judgment that use of nearly all of its available rate authority is the best utilization of that authority at this time.

With respect to NPPC’s claim that outside controls have been insufficient to constrain prices, the Commission notes that in Order No. 5763, it stated that “the Postal Service has sufficient controls concerning the exercise of reasonable business judgment regarding its financial viability” and identified the Commission, Congress, the U.S. Government Accountability Office, and the Postal Service Office of Inspector General as bodies with oversight authority “to hold the Postal Service accountable for its financial and operational performance.” NPPC Comments at 6-7; Order No. 5763 at 347. Although NPPC appears to take issue with the level at which these bodies have acted to constrain the Postal Service’s use of rate adjustment authority, that does not diminish the fact that several outside bodies retain oversight authority over the Postal Service’s exercise of business judgment.

The Commission also notes that there is no basis to find that the Postal Service should not or cannot use the full scope of the rate authority granted to it. The Commission’s review in this proceeding is limited to whether the planned price

adjustments comply with applicable law. 39 C.F.R. § 3030.126(b). Applicable law is defined as the applicable requirements of 39 C.F.R. part 3030, Commission directives and orders, and 39 U.S.C. §§ 3626, 3627, and 3629. *Id.* Nothing in the regulations or other applicable law limits the Postal Service from using the full amount of rate authority available to it.

With regard to NPPC's complaints about slowed service standards and inconsistent service, the Commission finds that changes to service standards and the Postal Service's service performance are beyond the scope of this proceeding. As stated above, the Commission reviews the planned price adjustments for consistency with applicable law, none of the enumerated provisions of which relate to service performance or service standards. *Id.* Further, the Commission notes there are multiple other proceedings in which the Commission addresses service-related issues. For example, the Commission reviews the Postal Service's service performance annually as part of the ACD. See, e.g., FY 2021 ACD at 104-201. In addition, the Commission provides an advisory opinion anytime "the Postal Service determines that there should be a change in the nature of postal services which will generally affect service on a nationwide or substantially nationwide basis." 39 U.S.C. § 3661(b). There is one such case, proposing changes to service standards for Competitive products, currently pending before the Commission in Docket No. N2022-1, following two other cases proposing changes to service standards that were open during 2021.³⁸ Those proceedings are more appropriate forums for stakeholders to raise concerns about service standards and service performance.

³⁸ See Docket No. N2022-1, Notice and Order on the Postal Service's Request for an Advisory Opinion on Changes in the Nature of Postal Services, March 23, 2022 (Order No. 6124); Docket No. N2021-1, Advisory Opinion on Service Changes Associated with First-Class Mail and Periodicals, July 20, 2021; Docket No. N2021-2, Advisory Opinion on the Service Standard Changes Associated with First-Class Package Service, September 29, 2021.

With regard to NPPC's concern that the Postal Service has not adequately explained the reasons for the proposed price increases, the Commission notes such explanation is not required, which NPPC also concedes, and the Commission declines to require one at this time. NPPC Comments at 8; 39 C.F.R. §§ 3030.122 and 3030.123. The Commission continues to encourage the Postal Service to communicate its pricing strategies with mailers and stakeholders so they have more insight into the reasoning behind the Postal Service's pricing decisions and are able to better understand how the Postal Service intends to use the revenue it collects.

D. Application of the Workshare Discount Rules in 39 C.F.R. Part 3030, Subpart J

Comments. Several commenters are supportive of many of the proposed workshare discounts and the improvements to pricing efficiency driven by compliance with 39 C.F.R. part 3030, subpart J.³⁹ However, commenters also raise concerns about several aspects of 39 C.F.R. part 3030, subpart J.⁴⁰

Pitney Bowes asserts that 39 C.F.R. § 3030.284(e), which allows passthroughs to be set at or just above 85 percent, is "too permissive" and "need[s] to be strengthened to fully realize the stated goals of enhanced pricing and operational efficiency." Pitney Bowes Comments at 2. As an example, Pitney Bowes points to the First-Class Mail 5-Digit Automation Letters workshare discount, which it asserts "is the most important rate category for commercial mailers and is among the most profitable and efficient mail for the Postal Service to process." *Id.* Pitney Bowes asserts that

³⁹ See, e.g., NAPM Comments at 2; MPA Comments at 2; NPPC Comments at 9, 14; PostCom Comments at 3. The Commission notes that this section focuses primarily on the comments pertaining to alleged deficiencies in 39 C.F.R. part 3030, subpart J. Discussion of the workshare discounts proposed in this proceeding and analysis of whether those discounts comply with the requirements of 39 C.F.R. part 3030, subpart J can be found in Sections V.D., VI.D., VII.D., and VIII.D., *infra*.

⁴⁰ See, e.g., Pitney Bowes Comments at 2-5; NPPC Comments at 14-16; MPA Comments at 3-4; NAPM Comments at 2-3.

proposed workshare discount “does not promote economic efficiency” as it is set at “the most inefficient level permitted under the existing rules” with a passthrough of 85.7 percent. *Id.* at 3. Pitney Bowes asserts that “it is clear the current rules must be strengthened to arrest this trend” and that “the Commission should change the rules to substantially narrow the compliance bands (e.g., 95 percent) or require all workshare discounts passthrough 100 percent of costs avoided, subject to the existing waiver provisions for exceptional circumstances.” *Id.*

NPPC also points to the First-Class Mail 5-Digit Automation Letters workshare discount as well as the First-Class Mail Automation Mixed automated area distribution center (Mixed AADC) Letters discount as important discounts “hover[ing] at or below the 85 percent level” that demonstrate the need to strengthen the regulation of workshare discounts. NPPC Comments at 14. NPPC argues that these discounts “will likely prove less economically efficient than they appear” because FY 2021 avoided costs are used, which NPPC asserts are “outdated” and that FY 2022 avoided costs “will almost certainly be higher.” *Id.* at 10, 14-15. As a result, NPPC asserts that the 85 percent passthrough floor should be revised upwards and that the Commission should require “a tighter passthrough range.” *Id.* at 15. PostCom similarly argues that “the Postal Service has taken a decidedly unbalanced approach” to workshare discount compliance with many more workshare discounts below 85 percent than above 100 percent. PostCom Comments at 3. PostCom also asserts that the regulations should be revised “to focus as much on passthroughs that are inefficiently low as on those that are inefficiently high.” *Id.* at 4.

Multiple commenters are concerned about the Postal Service proposing to set workshare discounts that currently exceed avoided costs below avoided costs in this proceeding.⁴¹ In particular, commenters are concerned that 39 C.F.R. § 3030.282

⁴¹ See, e.g., Pitney Bowes Comments at 3-5; NPPC Comments at 15-16; MPA Comments at 3-4; NAPM Comments at 2-3.

allows the Postal Service to move a workshare discount set marginally above avoided costs to near the 85 percent passthrough floor and remain in compliance with the requirements of 39 C.F.R. §§ 3030.282 and 3030.284(e) although the discount's passthrough has been moved farther from 100 percent.⁴² Specifically, they point to the Periodicals Outside County Machinable Nonautomation 3-Digit/sectional center facility (SCF) Flats Presort discount, which is proposed to change from a current passthrough of 101.9 percent to a passthrough of 86.5 percent, as an example of a practice they argue should be disallowed.⁴³ Pitney Bowes and NAPM question whether this proposed discount complies with 39 C.F.R. § 3030.282. Pitney Bowes Comments at 3-5; NAPM Comments at 3.

Pitney Bowes, NAPM, and MPA assert that this violates the “do no harm” principle of 39 C.F.R. § 3030.282 because the regulations are intended to move workshare discounts closer to efficient pricing and the proposed workshare discount decreases pricing efficiency.⁴⁴ Pitney Bowes further asserts that the Commission should not have an interpretation of the rules that allows this, and because it “is an obvious problem that does not require multiple price adjustments or further experience to assess,” the Commission should make clear that 39 C.F.R. § 3030.282 requires workshare discounts to be set more efficiently in each progressive rate adjustment proceeding. Pitney Bowes Comments at 4-5. MPA and NAPM also urge the Commission to address this issue immediately rather than waiting for the 5-year review since the “loophole” allows the Postal Service to undermine the intent of the 39 C.F.R.

⁴² See, e.g., Pitney Bowes Comments at 4; NPPC Comments at 16; PostCom Comments at 3-4; MPA Comments at 3-4; NAPM Comments at 2-3.

⁴³ See, e.g., Pitney Bowes Comments at 4; NPPC Comments at 15 n.17; PostCom Comments at 4; MPA Comments at 3-4; NAPM Comments at 2-3.

⁴⁴ Pitney Bowes Comments at 3-5; MPA Comments at 3; NAPM Comments at 3.

part 3030, subpart J and set workshare discounts inefficiently. MPA Comments at 3-4; NAPM Comments at 2-3.

NPPC argues that “a passthrough marginally above 100 percent causes less harm than a passthrough that is significantly below 100 percent,” particularly when the passthrough is set near 85 percent. NPPC Comments at 16. NPPC asserts that if a passthrough is only slightly above 100 percent, “the actual avoided costs easily may have risen enough . . . to close the gap” while “a passthrough that is significantly less than 100 percent not only fails to set efficient pricing signals, but also harms private mail services providers by sending flawed signals to mailers.” *Id.*

Commission analysis. As a preliminary matter, the Commission notes that its role in rate adjustment proceedings with regard to workshare discounts is to determine whether the planned workshare discounts are consistent with applicable law, which with regard to workshare discounts means compliance with 39 C.F.R. part 3030, subpart J as currently in effect and applicable Commission directives. See 39 C.F.R. § 3030.126(b).

Several commenters acknowledge that the workshare discounts proposed by the Postal Service in this proceeding comply with the requirements of 39 C.F.R. part 3030, subpart J, and only Pitney Bowes and NAPM question the compliance of a sole proposed discount.⁴⁵ Specifically, Pitney Bowes and NAPM question whether the Periodicals Outside County Machinable Nonautomation 3-Digit/SCF Flats Presort discount complies with 39 C.F.R. § 3030.282, given that the Postal Service proposes to move the passthrough from 101.9 percent to 86.5 percent thereby setting the passthrough farther from 100 percent. See Pitney Bowes Comments at 3-5; NAPM Comments at 3.

⁴⁵ See NPPC Comments at 17; PostCom Comments at 4; MPA Comments at 4; Pitney Bowes Comments at 3-5; NAPM Comments at 3.

The Commission notes that 39 C.F.R. § 3030.282 has different requirements depending on whether the current passthrough for a given workshare discount equals 100 percent, exceeds 100 percent, or is less than 100 percent. For a workshare discount that has a current passthrough of 100 percent, the Postal Service cannot change the discount in a rate adjustment proceeding. 39 C.F.R. § 3030.282(a). For a workshare discount that has a current passthrough above 100 percent, the Postal Service cannot increase the discount in a rate adjustment proceeding. *Id.* § 3030.282(b). For a workshare discount that has a current passthrough below 100 percent, the Postal Service cannot decrease the discount in a rate adjustment proceeding. *Id.* § 3030.282(c). Because the passthrough for the Periodicals Outside County Machinable Nonautomation 3-Digit/SCF Flats Presort discount is currently 101.9 percent, the Postal Service must comply with 39 C.F.R. § 3030.282(b) in this proceeding and cannot increase the discount. In this proceeding, the Postal Service proposes to decrease the Periodicals Outside County Machinable Nonautomation 3-Digit/SCF Flats Presort discount, which is consistent with the plain language of 39 C.F.R. § 3030.282(b). As a result, no violation of 39 C.F.R. § 3030.282 has occurred in how the Postal Service has proposed to set this discount in this proceeding.

As some commenters acknowledge and the Commission finds in this Order, all of the workshare discounts proposed in this proceeding comply with the requirements of 39 C.F.R. part 3030, subpart J and applicable Commission directives.⁴⁶ As a result, the Commission has no basis for disallowing the workshare discounts proposed by the Postal Service in this proceeding.

The Commission notes that the suggestions raised by the commenters would necessitate a rulemaking proceeding and revisions to 39 C.F.R. part 3030, subpart J. However, this rate adjustment proceeding is not the appropriate forum to also consider

⁴⁶ See Sections V.D., VI.D., VII.D., and VIII.D., *infra*; NPPC Comments at 17; PostCom Comments at 4; MPA Comments at 4.

revisions of the regulations since the Commission's review is limited to the regulations currently in effect and revisions to the Code of Federal Regulations are not being considered as part of this proceeding. Nonetheless, in response to the comments received, the Commission also provides its views on the issues raised by commenters.

First, with regard to concerns that 39 C.F.R. § 3030.284(e) is too permissive and should be revised upward to require the passthroughs for workshare discounts set below avoided costs to be set closer to 100 percent, the Commission notes that commenters have expressed concern about the permissiveness of 39 C.F.R. § 3030.284(e) in several recent dockets.⁴⁷

This issue was first raised in Docket No. RM2017-3 by commenters before 39 C.F.R. § 3030.284(e) was finalized, and after consideration of the comments, the Commission elected to maintain the exception in 39 C.F.R. § 3030.284(e), allowing a workshare discount to be set below avoided cost if the passthrough is at least 85 percent. See Order No. 5763 at 202-04, 213. In Order No. 5763, the Commission acknowledged that the exception for below-avoided-costs workshare discounts with passthroughs above 85 percent was less restrictive than many of other workshare discount requirements, but it explained that the exception in 39 C.F.R. § 3030.284(e) was appropriate given the regulatory requirements related to below-avoided-costs workshare discounts were new, the consequences of below-avoided-costs workshare discounts are less detrimental to the Postal Service than excessive workshare discounts, and the Commission sought to provide continued pricing flexibility to the Postal Service. *Id.* at 212. The Commission emphasized that “the 85 percent passthrough floor phases out the most inefficient of the Postal Service’s pricing practices related to below-avoided-costs workshare discounts” and that 39 C.F.R.

⁴⁷ Order No. 5763 at 202-04; Docket No. R2021-2, Order on Price Adjustments for First-Class Mail, USPS Marketing Mail, Periodicals, Package Services, and Special Services Products and Related Mail Classification Changes, July 19, 2021, at 58-59 (Order No. 5937); FY 2021 ACD at 23.

§ 3030.284(e) “strikes an appropriate balance between improving pricing efficiency and providing sufficient pricing flexibility for below-avoided-costs workshare discounts that were not previously regulated.” *Id.* The Commission, however, also noted that if over time, the Postal Service was using the 85 percent passthrough floor as a safe harbor for below-avoided-costs workshare discounts and not taking steps to move those workshare discounts toward 100 percent passthroughs, the Commission would reconsider the rules on workshare discounts as part of its planned 5-year review of the modified ratemaking system. *Id.* at 212-13.

When similar comments were raised in Docket Nos. R2021-2 and ACR2021, the Commission maintained the approach it implemented in Order No. 5763. Order No. 5937 at 61; FY 2021 ACD at 24. The Commission explained in both dockets that the rules governing workshare discounts set below their avoided costs were new and that it would likely take multiple price adjustment and compliance review cycles before it would be reasonable to assess if 39 C.F.R. part 3030, subpart J as a whole is having its intended effect. *Id.* However, the Commission also reiterated that should the Postal Service use the exception in 39 C.F.R. § 3030.284(e) to not move workshare discounts closer to 100 percent on a consistent basis, the Commission may find it appropriate to regulate workshare discounts set below avoided costs more stringently when it undertakes its planned 5-year review. Order No. 5937 at 61.

The Commission affirms its position on 39 C.F.R. § 3030.284(e) in this proceeding and finds that review of 39 C.F.R. § 3030.284(e) is premature at this time. This is only the second rate adjustment proceeding conducted in accordance with the new regulations and only the second time the regulations imposing pricing requirements on below-avoided-cost workshare discounts have been applied. Furthermore, workshare discounts set and regulated in accordance with 39 C.F.R. part 3030, subpart J have been in effect for less than a year, given that the first workshare discounts set under the modified ratemaking system went into effect in August of 2021. The

Commission determined in Docket No. RM2017-3 that 5 years was the appropriate time period for review of the Commission's regulations because "[a] thorough and insightful review must provide more than two rate cycles as data points." Order No. 5763 at 267. The Commission further stated that "[a]n abbreviated review period would not provide the Commission with sufficient data to evaluate the final rules in operation, account for outlying data, and determine the impact on mailers." *Id.* Thus, the Commission declines to open a rulemaking proceeding to review 39 C.F.R. § 3030.284(e) at this time. However, the Commission also reiterates that should the Postal Service use the exception in 39 C.F.R. § 3030.284(e) to not move workshare discounts closer to 100 percent on a consistent basis, the Commission may find it appropriate to regulate workshare discounts set below avoided costs more stringently when it undertakes its 5-year review of the modified ratemaking system.

Related to its arguments that 39 C.F.R. § 3030.284(e) should be revised, NPPC asserts that using FY 2021 avoided costs in this proceeding is "outdated" and will cause the discounts to be "less economically efficient than they appear." NPPC Comments at 10, 14. The Commission notes that the regulations plainly state that "the cost avoided by the Postal Service for not providing the applicable service refers to the amount identified in the" FY 2021 ACD, which is the most recent cost avoidance data available. 39 C.F.R. § 3030.280. The Commission notes that while NPPC asserts the use of FY 2021 avoided costs is a basis for revising 39 C.F.R. § 3030.284(e), NPPC offers no alternative to be used for cost avoidance data. The Commission also notes that 39 C.F.R. § 3030.280 is consistent with its long-standing practice to use the most recent data available in its analyses. See FY 2021 ACD at 16.

Second, with regard to concerns that the Postal Service is moving discounts with passthroughs above 100 percent to below 100 percent and making them less efficient overall, the Commission notes that this issue was not raised in Docket No. RM2017-3. With no party raising the issue and the Commission not identifying it *sua sponte*, the

Commission did not explicitly consider whether the Postal Service's pricing flexibility with workshare discounts should include moving discounts from above avoided costs to below avoided costs (or vice versa). Although the Commission did state that the intent of 39 C.F.R. § 3030.282 was to codify a "do no harm" principle that prohibits the Postal Service from making workshare discounts more inefficient, as described above, the plain language of the regulation the Commission put into effect (and the way the Commission described the regulation in its orders) did not prohibit moving discounts with passthroughs above 100 percent to below 100 percent, even if such movement sets the passthrough farther from 100 percent overall. See Order No. 5337 at 176, 193, 206-07; Order No. 5763 at 198-99, 214. Given this tension, the Commission must enforce 39 C.F.R. § 3030.282 as written at this time.

In Docket No. R2021-2, the first rate adjustment proceeding conducted under the new rules, a commenter raised, for the first time the fact that 39 C.F.R. § 3030.282 allowed such movement in setting workshare discounts. In that docket, the Public Representative pointed to a workshare discount with a current passthrough above 100 percent that was proposed to have a new passthrough of 86.5 percent and suggested that "the Commission should consider revising its workshare rules prospectively to prohibit workshare discounts that exceed avoided cost from being reduced by more than necessary to reach a 100 percent passthrough."⁴⁸

Similar to its response to commenters proposing changes to 39 C.F.R. § 3030.284(e) in that proceeding, the Commission declined to open a rulemaking proceeding to revise the rules to prohibit a workshare discount with a passthrough above 100 percent from being set below 100 percent. Order No. 5937 at 61. The Commission noted that the proceeding was the first applying the new rules, and "it will likely take multiple price adjustments before it would be reasonable to assess if 39

⁴⁸ Docket No. R2021-2, Public Representative Corrected Comments, June 29, 2021, at 17-18.

C.F.R. part 3030, subpart J as a whole is having its intended effect and determine if changes are necessary.” *Id.* The Commission also cautioned that “should the Postal Service consistently use the ability to move a workshare discount from an above 100 percent passthrough to a below 100 percent passthrough to avoid making workshare discounts more efficient, the Commission may find it appropriate to make further changes to the rules when it undertakes its next review.” *Id.*

The Commission affirms that position in this proceeding and finds that prohibiting a workshare discount with a passthrough over 100 percent from being set below 100 percent would be premature at this time. The Commission notes that more time is needed to study and consider this issue, given the tension it poses between the Postal Service’s pricing flexibility and the efficient pricing of workshare discounts and the fact that it was not explicitly considered in Docket No. RM2017-3. The Postal Service may have good reasons for using its pricing flexibility in this way, and the extent to which it is utilizing this flexibility appears to be relatively limited at this juncture. The Commission encourages the Postal Service to provide an explanation of its reasoning should it elect to use its pricing flexibility to move a workshare discount from an above 100 percent passthrough to a below 100 percent passthrough in future rate adjustment proceedings, particularly in cases where the passthrough is moved farther from 100 percent.

As noted above, this is only the second rate adjustment proceeding conducted in accordance with the new regulations and only the second time that 39 C.F.R. § 3030.282 has been applied. Furthermore, workshare discounts set and regulated in accordance with 39 C.F.R. part 3030, subpart J have been in effect for less than a year, given that the first workshare discounts set under the modified ratemaking system went into effect in August of 2021. The Commission determined in Docket No. RM2017-3 that 5 years was the appropriate time period for review of the Commission’s regulations because “[a] thorough and insightful review must provide more than two rate cycles as data points.” Order No. 5763 at 267. The Commission further stated that “[a]n

abbreviated review period would not provide the Commission with sufficient data to evaluate the final rules in operation, account for outlying data, and determine the impact on mailers.” *Id.* Thus, the Commission declines to open a rulemaking proceeding to review 39 C.F.R. § 3030.282 at this time. Should the Postal Service consistently use the ability to move a workshare discount from an above 100 percent passthrough to a below 100 percent passthrough to avoid making the workshare discount more efficient, the Commission may find it appropriate to make further changes to the rules when it undertakes its 5-year review of the modified ratemaking system. In the meantime, the Commission encourages the Postal Service to continue to take steps to make workshare discounts more efficient by moving passthroughs closer to 100 percent in future rate adjustment proceedings.

Finally, with regard to NPPC’s assertion that “a passthrough marginally above 100 percent causes less harm than a passthrough that is significantly below 100 percent,” the Commission notes that NPPC’s view is inconsistent with the Commission’s approach in Docket No. RM2017-3. See NPPC Comments at 16; Order No. 5763 at 212. In Order No. 5763, the Commission noted “that the consequences of below-avoided-costs workshare discounts are less detrimental to the Postal Service than excessive workshare discounts . . . because, with excessive workshare discounts, the Postal Service is providing excessive discounts to mailers, hurting its bottom line and affecting its financial stability.” Order No. 5763 at 212. The Commission also noted that this view was consistent with the fact that “[t]he PAEA prohibits passthroughs above 100 percent (with some exceptions), but it does not address workshare discounts with passthroughs below 100 percent.” *Id.*; see 39 U.S.C. § 3622(e)(2)-(3).

E. Frequency of Price Adjustment Proceedings

Comments. While NAPM commends the Postal Service for foregoing a price increase for Market Dominant products in January 2022, NAPM is opposed to the Postal Service’s plan to change prices twice each calendar year moving forward.

NAPM Comments at 8. NAPM urges the Postal Service to reconsider price changes in January 2023 and to announce its decision “as early as possible so that mailers have time to budget and prepare accordingly.” *Id.* NAPM is concerned that “two price changes in the same year represent a significant expense” to mailers and the Postal Service for system and software updates and other changes needed to implement new prices. *Id.* NAPM also supports the Postal Service moving back to a cycle where Market Dominant and Competitive price adjustments are implemented at the same time, which allows for “significant cost savings for all.” *Id.* at 8-9.

PostCom similarly asserts that “[t]he Postal Service’s previous decision to adopt a practice of implementing annual price increases in January of each year was beneficial to mailers.” PostCom Comments at 3. PostCom states that the “current practice of semi-annual increases during a time of rapid inflation is a massive step backwards for the industry” and argues that “[t]he Postal Service should demonstrate that it truly values its customers and return to an annual price change schedule.” *Id.*

John Stella recommends that the price increases be delayed until January 1, 2023, to align the price changes with the new year. Stella Comments at 1.

Commission analysis. 39 U.S.C. § 3622(d)(1)(B) required that the initial Market Dominant ratemaking system “establish a schedule whereby rates, when necessary and appropriate, would change at regular intervals by predictable amounts.” 39 U.S.C. § 3622(d)(1)(B). 39 C.F.R. § 3030.102 requires that the Postal Service file a schedule at least annually with the Commission that includes the estimated filing and implementation dates for future price adjustments for a minimum of the next 3 years as well as an explanation by class of the amounts of future scheduled price adjustments. 39 C.F.R. § 3030.102(a), (b). In addition to the annual filing requirement, the Postal Service is required to file a revised schedule whenever it deems it appropriate to change the schedule. *Id.* § 3030.102(c). The Postal Service filed its annual update to the schedule on January 11, 2022, stating it intends to “implement price changes for all

Market Dominant classes in January and July . . . with the filings occurring the preceding October and April.”⁴⁹ The Postal Service is currently in compliance with the requirements of 39 U.S.C. § 3622(d)(1)(B) and 39 C.F.R. § 3030.102. Nothing in the statute or regulations dictates the frequency of price adjustments or the timing of when they are to occur. Although there is no statutory or regulatory requirement for annual price adjustments, the Commission encourages the Postal Service to work with mailers and other stakeholders to set a schedule for price adjustments that minimizes costs and disruptions to the largest extent possible. Should the Postal Service decide to change the schedule, the Postal Service must file a revised schedule with the Commission as soon as practicable. See 39 C.F.R. § 3030.102(c).

F. Notice Requirements for Price Adjustments

Comments. PostCom acknowledges that the Notice satisfied the 90-day notice requirement of 39 C.F.R. § 3030.121. PostCom Comments at 7. However, PostCom is concerned that although the Postal Service provided 90-days’ notice that there would be new rates, “many of the publications and documentation that service providers depend on to implement rates were not available at the time of the Postal Service’s notice.” *Id.* In particular, PostCom asserts that “red-line versions of new postage statements, which software companies need for development and testing, were still not available one month after the Postal Service provided notice of its new rates” and that “[t]his delay . . . increases costs and risks for postal customers and their suppliers.” *Id.* PostCom recommends that the Commission consider increasing the notice period or requiring

⁴⁹ United States Postal Service Filing of Updated Schedule for Regular and Predictable Rate Adjustments, January 11, 2022, Schedule for Regular and Predictable Rate Adjustments – Effective through Calendar Year 2024, available at <https://www.prc.gov/docs/120/120673/Rate%20Change%20Schedule%20%28FY%202021%20ACR%29.pdf>.

that the 90-day notice period begin “with confirmation that the Postal Service has prepared all necessary technical documentation.” *Id.*

NAPM reports a more mixed experience, commending the Postal Service “for providing the price change data SKU files early in the process” while noting that the Postal Service was “late in providing other price-change related support materials.” NAPM Comments at 8. NAPM states that it believes the Postal Service understands the importance of providing these materials earlier in the future. *Id.*

Commission analysis. As PostCom acknowledges, the Postal Service provided 90 days’ notice of the planned price adjustments as required by 39 C.F.R. § 3030.121. See PostCom Comments at 7. The Commission notes that the 90-day notice requirement is a new requirement of the modified ratemaking system. Order No. 5673 at 248-49. Previously, the Postal Service was required to provide notice only 45 days in advance, and the Commission found that 90 days’ advance notice would provide additional benefits to mailers, including facilitating their ability to generate budgets and giving mailers time to implement the planned rates.⁵⁰

The Commission notes that the changes proposed by PostCom would necessitate a rulemaking proceeding and revisions to 39 C.F.R. § 3030.121, which is outside the scope of this price adjustment proceeding. In addition, the Commission finds that such a rulemaking proceeding would be premature at this time given that the 90-day notice period has been in effect for only two price adjustments and the extent and pervasiveness of the issues are unclear. However, given that the new 90-day notice period was intended in part to ensure mailers had adequate time to implement price adjustments, the Commission appreciates being made aware of PostCom’s concerns. Should this be a pervasive issue, the Commission may find it appropriate to

⁵⁰ *Id.* at 249; Docket No. RM2017-3, Notice of Proposed Rulemaking for the System for Regulating Rates and Classes for Market Dominant Products, December 1, 2017, at 104 (Order No. 4258).

extend or alter the notice period when it undertakes its planned 5-year review. See Order No. 5763 at 267.

G. Effects of the Proposed Price Adjustments

Comments. Several commenters raise concerns about the effects the price increases will have on businesses and the mailing industry and raise concerns about likely volume declines.⁵¹ MPA asserts that the “massive” Periodicals price increase “will increase pressure on publishers to reduce title frequency or go entirely digital, taking more volume out of the mail.” MPA Comments at 1.

PostCom asserts that “[e]ngaging in multiple price changes per year of greater than 6 [percent] each” harms the Postal Service’s customers in ways that are “not merely academic.” PostCom Comments at 2. Specifically, PostCom raises that mailers attempting to develop budgets “are having a difficult enough time keeping up with inflationary pressures” and that “[a]dding semiannual postal price increases in this environment raises the difficulty level even higher.” *Id.* PostCom concludes that “as each rate increase reduces the return on investment of mail campaigns, the costs of attempting to keep up with postal increases can outweigh the benefits of using mail as a communications channel.” *Id.* at 3.

NPPC is concerned that the price increases will further reduce “the value, and thus the appeal, of the mail as a means of business communication.” NPPC Comments at 3. For First-Class Presorted and Automation mail, “NPPC fears that the damage these increases cause to mailer faith in the Postal Service is significant and will require considerable effort on the part of the [Postal] Service to repair.” *Id.* NPPC asserts that “business mailers surely will accelerate efforts to leave the system” and “only time will tell whether enough First-Class letters will remain in the system” until the 5-year review

⁵¹ See, e.g., MPA Comments at 1; PostCom Comments at 2-3; NPPC Comments at 3, 5, 7.

of the modified ratemaking system, which NPPC claims could occur after “excessive rate increases have driven mailers permanently out of the mailstream.” *Id.* at 5, 7.

Commission analysis. In Docket No. RM2017-3, the Commission considered the impact of the changes it was proposing to the Market Dominant ratemaking system on mailers after receiving a significant number of comments from the mailing community. Order No. 5763 at 268-70, Appendix B. The Commission explained that it considered how the modifications to the ratemaking system are necessary to achieve the objectives in conjunction with each other and how they apply to the system as a whole. Order No. 5763 at 269. The Commission acknowledged that “although some aspects of the final rules may be in tension with particular components of certain objectives, ultimately, . . . the weight of the balance favor[ed] implementation of the final rules.” *Id.* at 281. The Commission stated that it “considered the impact of above CPI[-U] price increases on mailers as well as the Postal Service and . . . balanced these considerations with all of the objectives.” *Id.* at 269. The Commission ultimately determined that additional pricing authority was necessary, and that “under the parameters set forth in the final rules, the Postal Service will be able to obtain necessary revenue while minimizing the burden on mailers.” *Id.* Additionally, the Commission noted that “the final rules provide safeguards to protect mailers from deleterious effects of the increased rates – not only will the Commission perform a holistic review of the revised Market Dominant ratemaking system in 5 years, it also possesses the ability to adjust components of that system sooner than 5 years if serious ill effects are alleged and proven.” *Id.* at 269-70.

The Commission fully addressed the effects of expected price increases on mailers in Docket No. RM2017-3, and none of the comments in this proceeding necessitate the Commission, at this time, revisit those conclusions. The planned price increases are consistent with the additional pricing authority the Commission determined was necessary in Order No. 5763, and nothing in the comments received in

this proceeding reflects substantially different alleged harms than those considered in Docket No. RM2017-3. The fact is that increases in postal prices affect all mailers and may affect some more so than others. In addition, the Commission notes that the inflationary conditions described by PostCom affect the Postal Service as well.⁵² In Docket No. RM2017-3, the Commission was tasked with reviewing the initial Market Dominant ratemaking system and permitted to modify it as necessary to achieve all the objectives of 39 U.S.C. § 3622(b) in conjunction with each other. 39 U.S.C. § 3622(d)(3). On appeal, the Court of Appeals for the D.C. Circuit concluded “the Commission articulated a rational connection between the statutory objectives and the decision it made” after looking at mailer arguments that the modified ratemaking system would result in rates that were excessive and unjust and found in the Commission’s favor on all issues raised by petitioners. *Nat’l Postal Pol’y Council*, 17 F.4th at 1194, 1195.

With regard to assertions that volumes will decrease due to the price increases, the Commission also discussed comments raising concerns that price increases would result in declining mail volumes in Docket No. RM2017-3. The Commission emphasized that the Board of Governors of the Postal Service sets the rates for postal services, not the Commission, and “is in the best position to determine how to best utilize the pricing authority and make decisions about specific price increases.” Order No. 5763 at 81, 270. The Commission also noted that “[i]n the Commission’s experience, demand for Market Dominant products has been relatively price inelastic.” *Id.* at 82. This means that the decrease in volume induced by the increased rate authority is expected to be less in proportional terms than the amount of the increased

⁵² See PostCom Comments at 2-3. As described in Section IV.C., *supra*, the most substantial amount of rate authority available to the Postal Service in this proceeding (*i.e.*, 5.135 percent for each class) is a result of the change in inflation and would have been available to the Postal Service under the initial ratemaking system and was not altered by the modified ratemaking system. 39 U.S.C. § 3622(d)(1)(A); 39 C.F.R. part 3030, subpart C.

rate authority. See *id.* However, the Commission also stated that if price elasticities for Market Dominant products changed and volume effects were outside the expected range, then the Commission retained the ability to revisit the issue sooner than the planned 5-year review. *Id.* at 83.

On appeal, the Court of Appeals for the D.C. Circuit noted the Commission's responses to comments and held that it was not irrational for the Commission to reject the argument that additional price authority would accelerate volume loss and that a disagreement over price elasticities "is insufficient to invalidate the Commission's order, as [the] court defers to the Commission's reasonable economic assumptions and predictions." *Nat'l Postal Pol'y Council*, 17 F.4th at 1195. As a result, the Commission reaffirms that the balancing of how much rate authority to utilize and which products and rate cells to apply it to is within the Postal Service's discretion, so long as the proposed rates comply with the requirements of applicable law. See 39 C.F.R. § 3030.126(b).

H. Pricing Incentives and Promotions

Comments. NAPM commends the Postal Service for maintaining its Full-Service Intelligent Mail barcode (IMb) and Seamless Acceptance pricing incentives, which it asserts "encourage mailers to engage in behaviors that make mail more efficient, less costly, and more profitable." NAPM Comments at 5. NAPM urges the Postal Service to increase the incentives over time "since the gap between the incentive[s] and mailers costs to comply with the program requirements increases over time." *Id.* NAPM is concerned that if the incentives are not increased, "more mailers will decide not to participate in IMb Full-Service or Seamless Acceptance because the costs to do so outweigh the benefits." *Id.* NAPM also emphasizes the importance of maintaining these as separate incentives as they incentivize different activities and impose separate costs on mailers. *Id.* at 7.

With regard to the Seamless Acceptance incentive, NAPM suggests the Postal Service should increase the price incentive for Seamless Acceptance in the next price change once a full year of data is available for analysis. *Id.* at 5. It notes that “there is still significant room for growth in adoption of Seamless Acceptance,” which NAPM asserts is likely due in part to the gap between the costs to comply and the incentive. *Id.* at 6.

With regard to the Full-Service IMb incentive, NAPM “commends the Postal Service’s decision to maintain the existing Full-Service price incentives,” which it asserts “continues to partially offset the ongoing and increasing costs for mailers to prepare high value, data-rich, streamlined mail for the [Postal Service].” *Id.* NAPM notes that “[a]t a time when many mailers are facing increased economic pressures brought on by the pandemic, it is critical to preserve the necessary price incentives to partly defray their ongoing costs and investment to meeting the IMb Full-Service requirements.” *Id.* NAPM also recommends that the Postal Service review adoption rates “to ensure that participation levels are where they need to be for representative Service Performance measurement as well as trends around IMb Full-Service usage.” *Id.* NAPM notes that if mailers are not properly incentivized to qualify mailings for Full-Service IMb, there will be a detrimental impact on the percentage of mail included in service performance measurement and negative effects on the ability of the Postal Service to remedy mailer service performance issues. *Id.* at 6-7.

NAPM also requests that the Commission consider how the Postal Service could implement Calendar Year (CY) 2023 promotions if the Postal Service elects to forgo further adjusting Market Dominant prices in January 2023. *Id.* at 7-8. NAPM emphasizes its support for the continuation of promotions, which it states will help to retain volumes, and believes there should be a process to allow for proposing promotions outside a larger price adjustment proceeding. *Id.* at 8. NAPM also requests

that the Commission encourage the Postal Service to offer additional promotions and to simplify current promotions' requirements. *Id.*

Commission analysis. The Commission finds the Seamless Acceptance and Full-Service IMb incentives consistent with applicable law. 39 C.F.R. § 3030.126(b). In addition, as the Commission has previously stated, these incentives encourage more efficient mailpieces that have lower costs to process while also encouraging increased mail volumes.⁵³ As NAPM notes, Full-Service IMb mail also plays an important role in service performance measurement. See NAPM Comments at 6-7. The Postal Service should continue to consider the positive effects and importance of these incentives as well as the concerns raised by NAPM when exercising its pricing flexibility related to these incentives in future price adjustment proceedings.

With regard to NAPM's request that a process be developed to allow for promotions approval outside of a larger price adjustment proceeding, the Commission notes that nothing in 39 C.F.R. part 3030 would prevent the Postal Service from filing a price adjustment proceeding targeted specifically at approval of the CY 2023 promotions, although the Postal Service would need to be mindful of the requirements of 39 C.F.R. part 3030 when filing such a case.⁵⁴ Should the Postal Service elect to offer promotions in CY 2023, the Commission encourages the Postal Service to work with mailers to address their ideas and concerns regarding potential additions and changes to the CY 2023 promotions.

⁵³ Docket No. R2021-1, Order on Price Adjustments for First-Class Mail, USPS Marketing Mail, Periodicals, Package Services, and Special Services Products and Related Mail Classification Changes, November 18, 2020, at 73, 104, 106 (Order No. 5757).

⁵⁴ See 39 C.F.R. § 3030.122(i). The Postal Service has filed such limited price adjustments in the past. See Docket No. R2016-2, Order on Price Adjustments for Market Dominant Products and Related Mail Classification Changes, December 10, 2015 (Order No. 2861); Docket No. R2016-5, Order on Price Adjustments for Market Dominant Products, June 16, 2016 (Order No. 3373).

V. FIRST-CLASS MAIL

A. Introduction

This section discusses the price adjustment authority, non-compensatory products, workshare discounts, and classification changes applicable to First-Class Mail. This section also discusses comments related to First-Class Mail not addressed elsewhere in this Order.

B. Price Adjustment Authority

1. Introduction

Five products are assigned to First-Class Mail: (1) Single-Piece Letters/Postcards; (2) Presorted Letters/Postcards; (3) Flats; (4) Outbound Single-Piece FCMI; and (5) Inbound Letter Post. The planned price increase for First-Class Mail is, on average, 6.506 percent, which results in 0.001 percent remaining unused price adjustment authority.⁵⁵ Table V-1 shows the percentage price change for each First-Class Mail product as calculated by the Commission.

⁵⁵ As shown in Table II-1, *supra*, the Postal Service has 6.507 percent in available pricing authority. Subtracting the 6.506 percent the Postal Service is using in this proceeding from its available pricing authority calculates to 0.001 percent remaining as unused price adjustment authority. See Library Reference PRC-LR-R2022-1-1, Excel file "PRC_CAPCALC-FCM-R2022-1.xlsx."

Table V-1
First-Class Mail Price Changes (by Product)

First-Class Mail Product	Price Change %
Single-Piece Letters/Postcards	5.245
Presorted Letters/Postcards	6.863
Flats	9.204
Outbound Single-Piece FCMI	7.372
Inbound Letter Post	0.033
Overall	6.506
Source: Library Reference PRC-LR-R2022-1-1, Excel file "PRC_CAPCALC-FCM-R2022-1.xlsx."	

2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-5. The Postal Service proposes to make three adjustments to the hybrid year billing determinants for First-Class Mail. *Id.* at 10. First, the Postal Service adjusts Nonautomation Presorted Letters to account for the new pricing structure approved in Docket No. R2021-2 and adjusts RTM volumes to account for the new pricing structure it is proposing in this proceeding. *Id.*; see Order No. 5937 at 80-82. The new pricing structure for RTM letters and flats proposed in this proceeding is discussed in detail in Section V.E., *infra*. Second, the Postal Service converts Picture Permit's revenues to volumes as it has in prior proceedings. Notice at 10. Third, the Postal Service uses Postal One data to determine the volume that would have qualified for the Seamless Acceptance incentive for the part of the hybrid year before the incentive went into effect. *Id.* at 11.

3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative asserts that the planned price adjustments comply with the requirements of the price cap. PR Comments at 4, 7.

4. Commission Analysis

The Commission finds that the Postal Service's price adjustments for First-Class Mail comply with the price cap limitations specified by 39 C.F.R. part 3030. The Postal Service's planned price adjustment of 6.506 percent is less than the total available authority of 6.507 percent; therefore, the total unused price adjustment authority available for First-Class Mail after this proceeding is 0.001 percent.⁵⁶ The Commission accepts the Postal Service's adjustments to the billing determinants for First-Class Mail as reasonable.

C. Non-Compensatory Products

1. Introduction

In FY 2021, First-Class Mail Flats was the only First-Class Mail product that did not cover its attributable costs.⁵⁷ With a cost coverage of 98.93 percent, FY 2021 was the first time First-Class Mail Flats was non-compensatory. FY 2021 ACD at 44. In the FY 2021 ACD, the Commission directed "that the Postal Service increase First-Class

⁵⁶ The new pricing authority available to First-Class Mail in this proceeding is 6.503 percent. In addition to that pricing authority, First-Class Mail had 0.004 percent of existing unused rate adjustment authority available. Therefore, the total pricing authority available for First-Class Mail in this proceeding is 6.507 percent. See Library Reference PRC-LR-R2022-1-1, Excel file "PRC_CAPCALC-FCM-R2022-1.xlsx."

⁵⁷ FY 2021 ACD at 44. 39 C.F.R. § 3030.220 provides that the Commission determines when a product is non-compensatory. Except when exceptional circumstances apply, the Commission expects it will generally use the findings of the most recent ACD to make this determination. See Order No. 5937 at 76 n.96.

Mail Flats' prices by at least 2 percentage points above the class average in each Market Dominant rate adjustment affecting First-Class Mail through the issuance of the FY 2022 ACD" consistent with 39 C.F.R. § 3030.221. *Id.* at 49.

2. The Postal Service's Position

The Postal Service proposes an overall price increase for First-Class Mail Flats of 9.2 percent, with an overall increase for Single-Piece Flats of 9.1 percent and for Presorted Flats of 9.4 percent. Notice at 7. The Postal Service states that these increases, combined with the above-average increase First-Class Mail Flats received in Docket No. R2021-2, are "expected to allow Flats product revenue to exceed its cost, turning Flats into a compensatory product." *Id.* at 7-8.

3. Comments

NPPC notes that the increase for First-Class Mail Flats in this proceeding and the prior increase from Docket No. R2021-2 combine to "a compounded increase of 20.472 percent in little more than 10 months." NPPC Comments at 17. NPPC argues that such large increases were not necessary to make First-Class Mail Flats compensatory as "[i]t is quite possible that First-Class Flats rates are compensatory today" because the increase from Docket No. R2021-2 may have been sufficient to allow First-Class Mail Flats to cover attributable costs in FY 2022 since the product had a cost coverage of nearly 99 percent in FY 2021. *Id.* at 17-18. NPPC thus objects to the Commission's decision to apply the requirements of 39 C.F.R. § 3030.221 to the First-Class Mail Flats product. *Id.* at 18.

NPPC asserts that the decline in First-Class Mail Flats' cost coverage in recent years "appears more related to the Postal Service's chronic inability to handle flats and control flats costs than anything peculiar to First-Class Flats." *Id.* at 17. NPPC further asserts that although First-Class Mail Flats may cover costs as a result of the increases, "NPPC is unaware of any product in the PAEA era in which rate increases have

successfully transformed an underwater product to a compensatory product.” *Id.* at 18. NPPC states that this history of underwater products suggests that rate increases are not a successful strategy and expresses concern that higher rates may cause “a substantial loss of volume as flats become an unaffordable option for First-Class mailers.” *Id.* at 19. NPPC suggests that the Commission should reconsider 39 C.F.R. § 3030.221 and instead focus on a strategy that increases flats’ volumes to lower unit costs. *Id.*

4. Commission Analysis

As described in Section II., *supra*, there are two regulatory requirements specific to non-compensatory products in compensatory classes: (1) rates may not be reduced for non-compensatory products; and (2) rates for each non-compensatory product must increase by a minimum of 2 percentage points above the average percentage increase for its compensatory class.⁵⁸

In this price adjustment, the Postal Service has proposed a price increase for the First-Class Mail Flats product of 9.204 percent, which is more than 2 percentage points above the First-Class Mail class average increase of 6.506 percent. This is consistent with the requirements of 39 C.F.R. § 3030.127(b) and 39 C.F.R. § 3030.221 as well as the Commission’s FY 2021 ACD directive. See FY 2021 ACD at 49.

In response to NPPC’s concerns, as a preliminary matter, the Commission notes that its review in this proceeding is limited to determining whether the proposed prices for First-Class Mail Flats are consistent with applicable law, which with regard to First-Class Mail Flats means compliance with 39 C.F.R. § 3030.127(b) and 39 C.F.R. § 3030.221 as currently in effect as well as applicable Commission directives. 39 C.F.R. § 3030.126(b). As the Commission stated above, the proposed price increase

⁵⁸ 39 C.F.R. § 3030.127(b); *id.* § 3030.221. See FY 2021 ACD at 49.

for First-Class Mail Flats complies with these requirements. Although First-Class Mail Flats could be presently compensatory as NPPC notes, no party provides evidence that it is, and the Commission has determined that it will use the findings of the most recent ACD to make a determination of non-compensatory status unless exceptional circumstances apply. See Order No. 5937 at 76 n.96. As a result, the Commission has no basis for determining that First-Class Mail Flats need not comply with the regulations.

The Commission also notes that the concerns raised by NPPC would necessitate a rulemaking proceeding and revisions to 39 C.F.R. part 3030. This rate adjustment proceeding is not the appropriate forum to raise suggestions that would require revisions of the regulations since the Commission's review is limited to the regulations currently in effect and revisions to the Code of Federal Regulations are not being considered as part of this proceeding.

Further, the Commission finds that such a rulemaking proceeding would be premature at this time. As the Commission stated in response to similar comments made in Docket No. ACR2021, the Commission determined in Docket No. RM2017-3 that 5 years was the appropriate time period for review of the Commission's regulations because "data from multiple rate cycles were likely needed for '[a] thorough and insightful review.'" FY 2021 ACD at 49 (quoting Order No. 5763 at 267). In the FY 2021 ACD, the Commission determined that "revisiting 39 C.F.R. § 3030.221 when it has been in effect for only a partial rate cycle is premature at this time and note[d] that 39 C.F.R. § 3030.221 may be reconsidered as part of the 5 year review." FY 2021 ACD at 49.

D. Workshare Discounts

1. Introduction

As described in Section II., *supra*, the rules in 39 C.F.R. part 3030, subpart J govern the pricing requirements for workshare discounts. In addition, in the FY 2021 ACD, the Commission identified 10 First-Class Mail workshare discounts that had passthroughs under 85 percent and specifically directed the Postal Service to bring those workshare discounts into compliance with 39 C.F.R. § 3030.284 in the next rate adjustment proceeding. FY 2021 ACD at 21, 25. The Commission also directed that the Postal Service ensure that all workshare discounts comply with 39 C.F.R. § 3030.282. *Id.* at 25.

2. The Postal Service's Position

The Postal Service asserts that all First-Class Mail workshare discounts comply with 39 C.F.R. part 3030, subpart J. Notice at 9. The Postal Service states that eight First-Class Mail passthroughs are equal to 100 percent. *Id.* Of the remaining eight First-Class Mail workshare discounts, the Postal Service asserts six have passthroughs between 85 and 100 percent. *Id.* The Postal Service states that the remaining two have passthroughs below 85 percent but are being raised by more than 20 percent in satisfaction of 39 C.F.R. § 3030.284(c). *Id.* at 9-10.

3. Comments

The Public Representative states that the proposed workshare discounts comply with 39 C.F.R. part 3030, subpart J. PR Comments at 10. NAPM commends the Postal Service for moving passthroughs closer to 100 percent, particularly for First-Class Mail 5-Digit Automation Letters. NAPM Comments at 3. NAPM notes there are many activities performed by mail service providers that are not reflected in avoided cost calculations but reduce Postal Service costs, provide the Postal Service with needed

data, and add value to the mailing experience for business mailers. *Id.* at 3-4. NAPM states that maintaining passthroughs as close to 100 percent as possible “helps defray some of the costs that mail service providers incur by performing these activities.” *Id.* at 4. NAPM also commends the Postal Service for adjusting the rate relationship between First-Class Mail Automation AADC Letters and First-Class Mail Nonautomation AADC Letters to correct an “anomaly” that reduced the incentive for barcoding. *Id.*

PostCom commends the Postal Service for increasing incentives to presort First-Class Mail to Mixed AADC and 5-Digit, which it asserts rewards “mailer efforts to improve the efficiency of the system and should reduce [Postal Service] costs.” PostCom Comments at 3.

NPPC has a mixed reaction to the First-Class Mail workshare discounts overall but notes that “all of the First-Class Mail discounts comply with the letter of the new regulations.” NPPC Comments at 11. NPPC commends the Postal Service for increasing passthroughs to 100 percent for the 3 postcard and the 5-Digit Flats discounts. *Id.* Although NPPC concedes the 5-Digit Automation Letters and Mixed AADC Automation Letters discounts comply with 39 C.F.R. § 3030.284, NPPC asserts the smaller improvements and lower passthroughs for those categories are insufficient given overall price increases of 6.8 and 6.2 percent respectively. *Id.* at 12. NPPC takes issue with the Postal Service’s lack of explanation for its assertion that it is taking “a balanced approach” to the First-Class Mail workshare discounts, noting the Postal Service offers just one example and that “there were many ways to accomplish that rate design objective.” *Id.* (citing Notice at 9, 10). NPPC identifies several strategies it claims the Postal Service could have used to better ameliorate the price increases and encourage more efficient mail preparation and entry. *Id.* at 13. As an example, NPPC emphasizes the importance of the 5-Digit Automation Letters discount and suggests the Postal Service should “strive to set it at the most efficient level possible” but states that it appears to be “the result of . . . a plug value to comply with both the passthrough

requirements and the revenue ceiling” and “inefficiently set.” *Id.* at 13-14. NPPC also notes the Mixed area distribution center (Mixed ADC) Automation and area distribution center (ADC) Automation Flats’ passthroughs are “barely above” 85 percent, which NPPC classifies a “missed . . . opportunity to drive more costs out of flats” given First-Class Mail Flats’ non-compensatory status. *Id.* at 14. NPPC suggests that the Commission should consider requiring 100 percent passthroughs for non-compensatory products’ workshare discounts “in an effort to promote efficient operations.” *Id.*

To the extent commenters raised concerns about the sufficiency of 39 C.F.R. part 3030, subpart J and referenced First-Class Mail workshare discounts in a related discussion, those comments are discussed in Section IV.D., *supra*.

4. Commission Analysis

In accordance with 39 C.F.R. § 3030.282, if a workshare discount is currently equal to the cost avoided by the Postal Service, the size of the discount cannot be changed; if a workshare discount currently exceeds the cost avoided by the Postal Service, then the size of the discount cannot be increased; and if a workshare discount currently is less than the cost avoided by the Postal Service, then the size of the discount cannot be decreased. 39 C.F.R. § 3030.282. The Commission has verified that all First-Class Mail workshare discounts proposed in this proceeding comply with 39 C.F.R. § 3030.282.

The regulations also provide specific limitations on how workshare discounts that do not equal avoided costs can be set. The Postal Service states that of the 16 First-Class Mail workshare discounts, 8 are set equal to avoided costs and 8 are set below avoided costs. Notice at 9. The Postal Service asserts that the 8 workshare discounts set below avoided costs have been increased by at least 20 percent or are set to result in passthroughs of at least 85 percent. *Id.* at 9-10. In accordance with 39 C.F.R. 3030.284, “[n]o proposal to adjust a rate may set a workshare discount that would be

below the cost avoided by the Postal Service for not providing the applicable service” unless one of several exceptions applies. 39 C.F.R. § 3030.284(a). One of the exceptions permits workshare discounts where “[t]he percentage passthrough for the proposed workshare discount is at least 85 percent.” *Id.* § 3030.284(e). Another permits a workshare discount set below avoided costs where “[t]he proposed workshare discount is a minimum of 20 percent more than the existing workshare discount.” *Id.* § 3030.284(c). The Commission has confirmed that the eight First-Class Mail workshare discounts set below avoided costs are permitted under one of the exceptions in 39 C.F.R. § 3030.284. The Commission has also confirmed that the 10 First-Class Mail workshare discounts that had passthroughs under 85 percent in FY 2021 have been addressed in this proceeding consistent with the FY 2021 ACD directive. See FY 2021 ACD at 21, 25.

As NPPC acknowledges and the Commission finds, the First-Class Mail workshare discounts comply with the requirements of 39 C.F.R. part 3030, subpart J and the FY 2021 ACD directives. See NPPC Comments at 11. As a result, the Commission approves the First-Class Mail workshare discounts proposed in this proceeding. However, the Commission also encourages the Postal Service to use its pricing flexibility to ensure it sets discounts to incentivize desired mailer behavior and to work with mailers and consider their concerns as it plans future price adjustments. The Commission also encourages the Postal Service to offer more thorough explanations of its pricing decisions to mailers and to continue to move passthroughs closer to 100 percent. Regarding the First-Class Mail 5-Digit Automation Letters discount, the Commission notes that mailers appear to have mixed reactions to the level at which the discount was set.⁵⁹ The Commission encourages the Postal Service to take these

⁵⁹ See NAPM Comments at 3; PostCom Comments at 3; NPPC Comments at 12, 13-14; Pitney Bowes Comments at 2-3.

concerns and the importance of this discount to its customers into account when it exercises its pricing flexibility in setting this discount in the future.

With regard to NPPC's suggestion that the Commission consider requiring 100 percent passthroughs for non-compensatory products' workshare discounts, the Commission notes that such a requirement would necessitate a rulemaking proceeding and revisions to 39 C.F.R. part 3030. This rate adjustment proceeding is not the appropriate forum to consider revisions of the regulations since the Commission's review is limited to the regulations currently in effect and revisions to the Code of Federal Regulations are not being considered as part of this proceeding. See 39 C.F.R. § 3030.126(b). As the Commission has stated with regard to other comments promoting revisions to 39 C.F.R. part 3030, the Commission considers such revisions premature at this time. The Commission determined in Docket No. RM2017-3 that 5 years was the appropriate time period for review of the Commission's regulations because "[a] thorough and insightful review must provide more than two rate cycles as data points." Order No. 5763 at 267. The Commission further stated that "[a]n abbreviated review period would not provide the Commission with sufficient data to evaluate the final rules in operation, account for outlying data, and determine the impact on mailers." *Id.* As a result, the Commission finds NPPC's suggestion to be premature and declines to open a rulemaking proceeding as NPPC suggests. See NPPC Comments at 14.

E. Mail Classification Changes

1. Introduction

The Postal Service proposes new rate structures for QBRM Letters and Nonautomation letter- and flat-shaped RTM mailpieces in this proceeding.⁶⁰

2. The Postal Service's Position

The Postal Service states that it is proposing to increase the weight limit for QBRM Letters from 2 to 3.5 ounces and to institute a uniform price for all QBRM Letters up to 3.5 ounces. Notice at 8. The Postal Service states that the changes will “simplify the use of QBRM Letters for Postal Service customers” by “eliminat[ing] the need for mailers to distinguish between 1- and 2-ounce barcodes for initial printing” and “reduc[ing] the likelihood that the mailpiece will exceed its weight limit upon reply.” *Id.* The Postal Service asserts that “[t]he changes will encourage mailers to move Business Reply Mail (BRM) Letters into QBRM, thereby reducing manual counting and improving customer experience by moving as many high-volume BRM mailers to Intelligent Mail barcode Accounting (IMbA) as possible.” *Id.* The Postal Service also asserts that this should “reduce costs for the Postal Service” because moving more mail into IMbA will “eliminate the need to weigh and rate letter-shaped QBRM, further reducing costs in both delivery units and in processing and distribution facilities.” *Id.*; April 21 Response to CHIR No. 2, question 2. The Postal Service explains that “[m]annual weighing, rating, and invoicing requires labor-intensive handling, which this proposal is intended to reduce,” and that the increased weight limit “will allow a larger volume of mailpieces to

⁶⁰ Notice at 8. In addition, the Postal Service acknowledges that Revised Attachment A does not accurately reflect the description for the First-Class Mail Presorted Letters Personalized Color Transpromo Promotion. April 21 Response to CHIR No. 2, question 4.c. However, the Postal Service also acknowledges the description is correct in the most recent version of the MCS posted on the Commission’s website. *Id.* See April 21 Response to CHIR No. 2, Attachment at 18; MCS § 1110.5. The Commission determines no further changes are needed in this proceeding.

be counted and invoiced using mail processing equipment, increasing throughput at Postal Service facilities and leading to faster presentment of QBRM mail to customers.” April 21 Response to CHIR No. 2, question 2.

The Postal Service also proposes a new rate structure for Nonautomation letter- and flat-shaped RTM mailpieces. In Docket No. R2021-2, the formerly unified price for Nonautomation Machinable Letters was disaggregated into Mixed AADC and AADC prices. Notice at 8; Order No. 5937 at 80-82. Nonautomation letter- and flat-shaped RTM mailpieces are currently charged the Nonautomation Machinable Letters AADC price. Response to CHIR No. 4, question 1. In this proceeding, the Postal Service proposes to offer the Nonautomation Machinable Letters Mixed AADC and AADC prices for Nonautomation letter- and flat-shaped RTM mailpieces, bringing the rate structure for Nonautomation RTM mailpieces in line with the Nonautomation Machinable Presorted Letters rate structure. Notice at 8.

3. Comments

NAPM supports the proposed new rate structure for QBRM Letters, which it states will “help reduce the complexity and barriers to using QBRM.” NAPM Comments at 4.

4. Commission Analysis

The Commission accepts the proposed changes to the MCS with respect to the new rate structure for QBRM Letters. The Commission finds that the increased weight limit and uniform price should provide benefits to both the Postal Service and mailers by reducing the likelihood of overweight pieces, streamlining processes for mailers, and reducing the costs to the Postal Service associated with manual weighing, rating, and invoicing.

In addition, the Commission approves the new rate structure for Nonautomation letter- and flat-shaped RTM mailpieces. The Commission finds that the new rate structure should incentivize presortation, benefiting both the Postal Service and mailers, and better align pricing structures within First-Class Mail.

Separately, the Commission notes its concern about the confusion that arose in this proceeding as to what rate was currently being charged for Nonautomation letter- and flat-shaped RTM mailpieces. In the MCS, the price for letter-shaped RTM mailpieces sent by the mailer is described as “the applicable Presorted Letters/Postcards price” and the price for flat-shaped RTM mailpieces sent by the mailer is described as “the applicable one (1) ounce Machinable Letter price.” MCS §§ 1110.5, 1115.5.

Prior to the implementation of the Docket No. R2021-2 prices, there was one Nonautomation Machinable Letters price, which was the price that Nonautomation letter- and flat-shaped RTM mailpieces paid. In Docket No. R2021-2, the Postal Service proposed and the Commission approved the disaggregation of the formerly unified price for Nonautomation Machinable Letters into Mixed AADC (\$0.494) and AADC (\$0.461) prices. Notice at 8; Order No. 5937 at 80-82. The question of the price to be paid by Nonautomation letter- and flat-shaped RTM mailpieces as a result of Docket No. R2021-2 did not arise in that proceeding, except that the workpapers reflected that the Postal Service would charge Nonautomation letter- and flat-shaped RTM mailpieces the higher Mixed AADC price (\$0.494).⁶¹

⁶¹ Docket No. R2021-2, Library Reference USPS-LR-R2021-2/1, May 28, 2021, Excel file “CAPCALC-FCM-R2021-2.xlsx,” tab “Nonauto Prsrt Letters,” cell L14 and tab “Nonauto Presort Flats,” cell K5; Docket No. R2021-2, Library Reference PRC-LR-R2021-2/1, July 19, 2021, Excel file “PRC_CAPCALC-FCM-R2021-2.xlsx,” tab “Nonauto Prsrt Letters,” cell L14 and tab “Nonauto Presort Flats,” cell K5.

However, in this proceeding, the workpapers filed by the Postal Service reflect that the Postal Service has been charging Nonautomation letter- and flat-shaped RTM mailpieces the AADC price (\$0.461).⁶² In response to a CHIR requesting more information about the price currently charged to Nonautomation letter- and flat-shaped RTM mailpieces, the Postal Service acknowledged there was a discrepancy between the two sets of workpapers but did not clarify the current price for Nonautomation letter- and flat-shaped RTM mailpieces. April 21 Response to CHIR No. 2, question 1. In response to an additional CHIR, the Postal Service clarified that the current price for Nonautomation letter- and flat-shaped RTM mailpieces is the AADC price (\$0.461). Response to CHIR No. 4, question 1.

Although charging the lower AADC price (\$0.461) instead of the higher Mixed AADC price (\$0.494) appearing in the Docket No. R2021-2 workpapers did not implicate the price cap because the associated volumes are relatively small, is a price more favorable to mailers, and is consistent with the MCS, the Commission is concerned by the lack of transparency, discrepancy between the workpapers, and confusion that arose in this proceeding concerning the current price for Nonautomation letter- and flat-shaped RTM mailpieces. In the future, the Postal Service should ensure that the prices appearing in the Commission's final workpapers for a given rate adjustment proceeding are reflective of the current prices being charged and reflected as the current prices in the workpapers in the immediately subsequent rate adjustment proceeding.

⁶² Library Reference USPS-LR-R2022-1/1, April 6, 2022, Excel file "CAPCALC-FCM-R2022-1.xlsx," tab "Nonauto Presort Letters," cells I15 and I16 and tab "Nonauto Presort Flats," cells H6 and H7.

F. Other Comments Related to First-Class Mail

1. Introduction

Several commenters raise concerns related to First-Class Mail that have not been addressed elsewhere in this section.

2. Comments

Several commenters make comments concerning specific First-Class Mail prices not discussed elsewhere in Section V.⁶³ Pitney Bowes states that the Postal Service should not reduce the price differential between Stamped and Metered Letters because a larger differential “encourages small and medium-sized mailers to use the Postal Service,” promotes “a more secure and efficient payment channel for the Postal Service,” and “help[s] mitigate the impact of the larger overall pricing increases” for small- and medium-sized mailers and commercial mailers as Metered Letters serve as the benchmark for First-Class Mail Presorted Letters. Pitney Bowes Comments at 5-6. Pitney Bowes asserts that “[t]he Postal Service should revisit this issue in its next rate adjustment.” *Id.* at 5.

GCA raises concerns about the increase in the non-machinable surcharge for Single-Piece Letters. GCA Comments at 1. Specifically, GCA provides data that it asserts show that the Docket No. R2021-2 increase in the non-machinable surcharge “disproportionately affected” Stamped Letter users as compared to Metered Letter users. *Id.* at 2. GCA asserts that if these trends continue, it will show that households are more affected by the surcharge than businesses. *Id.* GCA acknowledges that price adjustment proceedings focus “mainly on cap compliance” and states that it “intends to continue analyzing these data as more become available” and “bring[s] up this structural

⁶³ See, e.g., GCA Comments at 1-3; Pitney Bowes Comments at 5-6; Stella Comments at 1.

issue at this point to flag it for Commission consideration in the next compliance determination docket.” *Id.* at 2-3.

John Stella voices opposition to the new prices, particularly the proposed price for a one-ounce Stamped Letter, which he asserts is increasing “by 60 cents.” Stella Comments at 1.

3. Commission Analysis

With respect to the concerns raised by commenters regarding specific prices, the Commission notes that pricing flexibility for the Postal Service is an important component of the Market Dominant ratemaking system and that the Market Dominant ratemaking system was specifically designed to allow the Postal Service pricing flexibility. See 39 U.S.C. § 3622(b)(4). The authority to establish prices is vested primarily in the Governors of the Postal Service. *Id.* § 404(b). Under the ratemaking system, the Governors of the Postal Service have the discretion to use some, none, or all of the available rate authority and to select individual prices for products and rate cells that comply with the class-level price cap. Order No. 5763 at 313-14, 315-16. The Commission previously found that the class-level application of the price cap allows the Postal Service pricing flexibility to vary the size of rate changes at the class, product, and rate cell levels. *Id.* at 315-16; see 39 U.S.C. § 3622(b)(4), (8). Thus, the Postal Service retains flexibility to vary proposed prices within classes and among products. The Commission’s review is limited to ensuring the proposed prices comply with the requirements of 39 C.F.R. part 3030, Commission directives and orders, and 39 U.S.C. §§ 3626, 3627, and 3629, which the proposed price adjustments for First-Class Mail do and no commenter alleges otherwise. 39 C.F.R. § 3030.126(b). As a result, the Commission has no basis for determining that proposed First-Class Mail prices do not comply with applicable law. The Commission nonetheless encourages the Postal Service to work with mailers and consider the concerns they raise as it plans future price adjustments.

With respect to Pitney Bowes's suggestion that the Postal Service should not reduce the price differential between Stamped and Metered Letters because a larger differential has many positive effects, the Commission reiterates that such a decision is within the Postal Service's discretion and pricing flexibility. See Pitney Bowes Comments at 5-6. The Postal Service's ability to set such price differentials between price categories has been in place since the creation of the initial Market Dominant ratemaking system following the passage of the PAEA and was not altered by Order No. 5763. Nonetheless, the Commission encourages the Postal Service to consider the arguments raised by Pitney Bowes when setting these prices in the future.

With respect to GCA's comments concerning the non-machinable surcharge for Single-Piece Letters, as GCA acknowledges, the Commission reiterates its review in this proceeding is limited to reviewing the planned price adjustments for consistency with applicable law. GCA Comments at 2; 39 C.F.R. § 3030.126(b). GCA does not allege any issues of non-compliance with these requirements. The Commission also notes that GCA's comments focus on the effects of an increase approved in a prior docket, which also brings GCA's concerns outside the scope of this proceeding. Should GCA continue to want its analysis to be considered in another Commission proceeding, GCA should file comments in the applicable docket. See GCA Comments at 2-3.

With respect to John Stella's concern about the one-ounce Stamped Letter price, the Commission notes that the Postal Service proposes to increase the price by 2 cents to 60 cents (from 58 cents), not to raise the price "by 60 cents" as John Stella states. Notice at 6; Stella Comments at 1. The Commission has verified that the increase in the one-ounce Stamped Letter price is permissible under the First-Class Mail price cap and otherwise meets the requirements of applicable law. See 39 C.F.R. § 3030.126(b).

VI. USPS MARKETING MAIL

A. Introduction

This section discusses the price adjustment authority, non-compensatory products,⁶⁴ workshare discounts, classification changes, statutory preferential rates, and nonprofit discounts applicable to USPS Marketing Mail. This section also discusses comments related to USPS Marketing Mail not addressed elsewhere in this Order.

B. Price Adjustment Authority

1. Introduction

The USPS Marketing Mail class consists of seven products: (1) Letters; (2) Flats; (3) Parcels; (4) High Density and Saturation Letters; (5) High Density and Saturation Flats/Parcels; (6) Carrier Route; and (7) Every Door Direct Mail (EDDM)—Retail. The planned price increase for USPS Marketing Mail is, on average, 6.500 percent, which results in 0.005 percent remaining unused price adjustment authority.⁶⁵ Table VI-1 shows the percentage price change for each USPS Marketing Mail product as calculated by the Commission.

⁶⁴ This section includes discussion regarding compliance with specific pricing directives and recommendations contained in the FY 2010, FY 2018, FY 2019, FY 2020, and FY 2021 ACDs. See Docket No. ACR2010, *Annual Compliance Determination*, March 29, 2011, at 107 (FY 2010 ACD); Docket No. ACR2018, *Annual Compliance Determination*, April 12, 2019, at 70-72, 78 (FY 2018 ACD); Docket No. ACR2019, *Annual Compliance Determination*, March 25, 2020, at 43, 46, 52 (FY 2019 ACD); Docket No. ACR2020, *Annual Compliance Determination*, March 29, 2021, at 41, 46, 50 (FY 2020 ACD); FY 2021 ACD at 61, 65, 69.

⁶⁵ As shown in Table II-1, *supra*, the Postal Service has 6.505 percent in available pricing authority. Subtracting the 6.500 percent the Postal Service is using in this proceeding from its available pricing authority calculates to 0.005 percent remaining as unused price adjustment authority. See Library Reference PRC-LR-R2022-1-2, Excel file "PRC-CAPCALC-MM-R2022-1.xlsx."

Table VI-1
USPS Marketing Mail Price Changes (By Product)

USPS Marketing Mail Product	Price Change %
Letters	6.151
Flats	8.543
Parcels	9.785
High Density and Saturation Letters	8.326
High Density and Saturation Flats/Parcels	4.769
Carrier Route	8.657
EDDM—Retail	-6.500
Overall	6.500
Source: Library Reference PRC-LR-R2022-1-2, Excel file "PRC-CAPCALC-MM-R2022-1.xlsx."	

2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-5. The Postal Service proposes to make two adjustments to the hybrid year billing determinants for USPS Marketing Mail. *Id.* at 18. First, the Postal Service estimates the High Density, High Density Plus, EDDM, and Saturation flats volumes on 5-Digit (direct) containers using the percentage numbers derived from the Marketing Mail Characteristics Study filed in Docket No. ACR2021 to account for the new proposed workshare discounts for High Density Plus and Saturation (including EDDM) flat-shaped pieces on 5-Digit (direct) containers as well as the extension of current discounts to Carrier Route and High Density flats in 5-Digit (direct) sacks and tubs. *Id.* at 12, 18. The new proposed workshare discounts are discussed in detail in Section VI.E., *infra*. Second, the Postal Service uses Postal One data to determine the volume that would have qualified for the Seamless Acceptance incentive for the part of the hybrid year before the incentive went into effect. *Id.* at 18.

3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative asserts that the planned price adjustments comply with the requirements of the price cap. PR Comments at 4, 8.

4. Commission Analysis

The Commission finds that the Postal Service's price adjustments for USPS Marketing Mail comply with the price cap limitations specified by 39 C.F.R. part 3030. The Postal Service's planned price adjustment of 6.500 percent is less than the total available authority of 6.505 percent; therefore, the total unused price adjustment authority available for USPS Marketing Mail after this proceeding is 0.005 percent.⁶⁶

The Commission notes that the Postal Service is adding unused rate adjustment authority for the USPS Marketing Mail class as a result of this proceeding. Because the Retirement Obligation Rate Authority of 39 C.F.R. part 3030, subpart E cannot be used to generate unused rate adjustment authority pursuant to 39 C.F.R. § 3030.181(c)(5), 39 C.F.R. § 3030.242(b) states that "unused rate adjustment authority cannot exceed the unused portion of rate authority calculated pursuant to subparts C and D . . . [of 39 C.F.R. part 3030] and [39 C.F.R.] § 3030.222." 39 C.F.R. § 3030.242(b). Of the 0.005 percent in total unused rate adjustment authority available for USPS Marketing Mail after this proceeding, 0.003 percent is the result of authority derived from this proceeding. Because 0.003 percent is less than the rate authority available pursuant to subparts C and D of 39 C.F.R. part 3030 and 39 C.F.R. § 3030.222, the USPS Marketing Mail class complies with 39 C.F.R. § 3030.242(b). In addition, the

⁶⁶ The new pricing authority available to USPS Marketing Mail in this proceeding is 6.503 percent. In addition to that pricing authority, USPS Marketing Mail had 0.002 percent of existing unused rate adjustment authority available. Therefore, the total pricing authority available for USPS Marketing Mail in this proceeding is 6.505 percent. See Library Reference PRC-LR-R2022-1-2, Excel file "PRC-CAPCALC-MM-R2022-1.xlsx."

Commission accepts the Postal Service's adjustments to the billing determinants for USPS Marketing Mail as reasonable.

C. Non-Compensatory Products

1. Introduction

In FY 2021, three USPS Marketing Mail products did not cover their attributable costs. FY 2021 ACD at 50. These products were USPS Marketing Mail Flats, Parcels, and Carrier Route, which had cost coverages of 60.3, 73.1, and 94.6 percent, respectively. *Id.* In the FY 2021 ACD, the Commission directed the Postal Service to increase prices for each of these products by at least 2 percentage points above the class average in future rate adjustments consistent with 39 C.F.R. § 3030.221. *Id.* at 61, 65, 69. These directives were consistent with the Commission's prior directives and recommendations in the FY 2018, FY 2019, and FY 2020 ACDs.⁶⁷

In addition, the FY 2018 directive for USPS Marketing Mail Flats also required that "the Postal Service must continue responding to the requirements of the FY 2010 ACD directive" FY 2018 ACD at 2. The FY 2010 ACD directive, in turn, required the Postal Service to provide in future notices of Market Dominant price adjustment the following information with respect to the Flats product: a schedule of future above consumer price index price increases; an explanation of how the proposed prices will move the cost coverage for Flats closer to 100 percent; and a statement estimating the effect that the proposed prices will have in reducing the subsidy of the Flats product. FY 2010 ACD at 107. The Postal Service did not provide this information in the Notice. An information request was therefore issued to obtain the information required by the FY 2010 ACD directive. CHIR No. 1, question 2.

⁶⁷ See FY 2018 ACD at 70-72, 78; FY 2019 ACD at 43, 46, 52; FY 2020 ACD at 41, 46, 50.

2. The Postal Service's Position

The Postal Service acknowledges that it is required to raise rates for the USPS Marketing Mail Flats, Parcels, and Carrier Route products by at least 2 percentage points above the class average. Notice at 11. The Postal Service states that it is raising prices for these products by 8.543, 9.785, and 8.657 percent, respectively. *Id.* at 11-12.

For the information required by the FY 2010 ACD directive, the Postal Service states “the directive remains impracticable to fulfill.” April 15 Response to CHIR No. 1, question 2.a. The Postal Service asserts that “[d]iscretion to approve price adjustments rests with the Postal Service Governors, whose responsibility to adopt reasonable and equitable prices entails accounting for circumstances that may exist at the time of a price adjustment.” *Id.* The Postal Service states that it “is not in a position to predict such future circumstances, let alone to set expectations about future price adjustments that have not yet been decided by the Governors.” *Id.* Thus, beyond compliance with 39 C.F.R. § 3030.221, the Postal Service asserts that it is unable to comment further on future price adjustments. *Id.* The Postal Service further states that future price increases that comply with 39 C.F.R. § 3030.221 are expected to “both move USPS Marketing Mail Flats cost coverage closer to 100 percent and reduce intra-class subsidies, as those expectations were the very rationale for the Commission’s adoption of that rule.” *Id.* question 2.b., c.

3. Comments

The Public Representative states that the proposed price increases for the USPS Marketing Mail Flats, Parcels, and Carrier Route products comply with the FY 2021 ACD and 39 C.F.R. § 3030.221. PR Comments at 17. No other commenters raise issues pertaining to USPS Marketing Mail Flats’, Parcels’, or Carrier Route’s status as non-compensatory products or the related ACD directives.

4. Commission Analysis

As described in Section II., *supra*, there are two regulatory requirements specific to non-compensatory products in compensatory classes: (1) rates may not be reduced for non-compensatory products; and (2) rates for each non-compensatory product must increase by a minimum of 2 percentage points above the average percentage increase for its compensatory class.⁶⁸

In this price adjustment, the Postal Service has proposed price increases for the USPS Marketing Mail Flats, Parcels, and Carrier Route products of 8.543 percent, 9.785 percent, and 8.657 percent, respectively, all of which are more than 2 percentage points above the USPS Marketing Mail class average increase of 6.500 percent. See Notice at 11-12. This is consistent with the requirements of 39 C.F.R. § 3030.127(b) and 39 C.F.R. § 3030.221 as well as the Commission's FY 2018, FY 2019, FY 2020, and FY 2021 ACD directives and recommendations.⁶⁹

In future notices of Market Dominant price adjustment, the Postal Service must provide the information required by the FY 2010 ACD directive until such time that the Commission changes the requirement. The Commission reminds the Postal Service that compliance with Commission directives is part of the Commission's assessment as to whether planned rate adjustments are consistent with applicable law and can go into effect. 39 C.F.R. § 3030.126(b). Although there may be some limitations to the Postal Service's ability to precisely predict future price increases for the reasons the Postal Service explains, the Postal Service nonetheless has an obligation to comply with the Commission's directive and provide the required information with future notices of price adjustment. See April 15 Response to CHIR No. 1, question 2.a. Further, the Postal Service has in the past presented a schedule of future price increases in its Annual

⁶⁸ 39 C.F.R. § 3030.127(b); *id.* § 3030.221. See FY 2021 ACD at 61, 65, 69.

⁶⁹ See FY 2018 ACD at 70-72, 78; FY 2019 ACD at 43, 46, 52; FY 2020 ACD at 41, 46, 50; FY 2021 ACD at 61, 65, 69.

Compliance Report.⁷⁰ The Commission also notes that it is not aware of, and the Postal Service does not identify, any limitations as to its ability to explain how the proposed prices will move USPS Marketing Mail Flats' cost coverage toward 100 percent and to estimate the effect the proposed prices will have in reducing the intra-class subsidy of USPS Marketing Mail Flats as required by the FY 2010 ACD directive.

D. Workshare Discounts

1. Introduction

As described in Section II., *supra*, the rules in 39 C.F.R. part 3030, subpart J govern the pricing requirements for workshare discounts. In the FY 2021 ACD, the Commission identified 5 USPS Marketing Mail workshare discounts that exceeded their avoided costs and 25 USPS Marketing Mail workshare discounts that had passthroughs under 85 percent in FY 2021 and specifically directed the Postal Service to bring those workshare discounts into compliance with 39 C.F.R. §§ 3030.283 and 3030.284 respectively in the next rate adjustment proceeding. FY 2021 ACD at 19-20, 22-23, 25. The Commission also directed that the Postal Service ensure that all workshare discounts comply with 39 C.F.R. § 3030.282. *Id.* at 18, 20, 25.

2. The Postal Service's Position

The Postal Service asserts that all USPS Marketing Mail workshare discounts comply with 39 C.F.R. part 3030, subpart J. Notice at 15-18. The Postal Service states that "[o]f [the] 51 passthroughs in [USPS] Marketing Mail, 30 passthroughs are equal to 100 percent." *Id.* at 15. The Postal Service proposes that the remaining 21 workshare discounts be set below avoided costs, with 14 of those workshare discounts having

⁷⁰ Docket No. ACR2012, United States Postal Service *Annual Compliance Report*, December 28, 2012, at 19; Docket No. ACR2013, United States Postal Service *Annual Compliance Report*, December 27, 2013, at 20; Docket No. ACR2014, United States Postal Service *Annual Compliance Report*, December 29, 2014, at 20.

passthroughs of at least 85 percent. *Id.* The Notice provides more detail about the seven workshare discounts with proposed passthroughs that fall outside of the 85 to 100 percent range. *Id.* Specifically, the Postal Service proposes to increase several below avoided costs workshare discounts by a minimum of 20 percent consistent with the exception in 39 C.F.R. § 3030.284(c). *Id.* at 15-17. In addition, for the 5-Digit (direct) container discounts for High Density Plus and Saturation flats, the Postal Service justifies passthroughs of 45.5 and 31.8 percent respectively pursuant to the exception in 39 C.F.R. § 3030.284(b) because the workshare discounts are new. *Id.* at 17-18. The new workshare discounts for USPS Marketing Mail proposed in this proceeding are discussed in detail in Section VI.E., *infra*.

3. Comments

The Public Representative states that the proposed workshare discounts comply with 39 C.F.R. part 3030, subpart J. PR Comments at 11-13. NAPM “commends the Postal Service for continuing to improve the workshare discount rate relationships for [destination sectional center facility (DSCF)] drop ship entry of [USPS] Marketing Mail” and encourages the Postal Service “to use its pricing flexibility to incent the desired mailer entry behavior,” particularly as the Postal Service “looks to redesign its network for mail entry.” NAPM Comments at 4. NAPM notes that if the Postal Service wants to incentivize [DSCF] preparation, “the incentives need to outweigh the costs for mailers to do so.” *Id.* NAPM also encourages the Postal Service “to explore better aligning the drop ship discount between product categories . . . and between mail classes . . . where today there are significant differences in the amount of the discount.” *Id.* at 4-5.

PostCom commends the Postal Service for increasing incentives to dropship 5-Digit USPS Marketing Mail to the network distribution center and SCF and improving the dropshipping incentives for Saturation mail, which it asserts rewards “mailer efforts to improve the efficiency of the system and should reduce [Postal Service] costs.” PostCom Comments at 3.

Several commenters express concern about the extent to which the new 5-Digit (direct) container discounts for High Density Plus and Saturation flats are set below avoided costs.⁷¹ While PostCom acknowledges that there may be reasons to not set new workshare discounts equal to avoided costs, PostCom notes that these discounts are set “well below avoided costs” and “recommends that the Commission closely monitor these passthroughs.” PostCom Comments at 4. NPPC asserts that the Postal Service undercuts the discounts’ “potential effectiveness by passing through a trivial amount of avoided costs” and expresses concern that “the passthroughs likely will remain far below 100 percent for many years.” NPPC Comments at 16. NPPC questions whether the Postal Service took mailers’ costs into account when setting these discounts. *Id.* The Public Representative agrees, noting the discounts may be too small to influence mailer behavior, and encourages the Postal Service to take steps in future rate adjustments to exceed the minimum adjustment permissible and align these discounts with avoided costs more quickly. PR Comments at 12-13.

4. Commission Analysis

In accordance with 39 C.F.R. § 3030.282, if a workshare discount is currently equal to the cost avoided by the Postal Service, the size of the discount cannot be changed; if a workshare discount currently exceeds the cost avoided by the Postal Service, then the size of the discount cannot be increased; and if a workshare discount currently is less than the cost avoided by the Postal Service, then the size of the discount cannot be decreased. 39 C.F.R. § 3030.282. The Commission has verified that all USPS Marketing Mail workshare discounts proposed in this proceeding comply with 39 C.F.R. § 3030.282.

The regulations also provide specific limitations on how workshare discounts that do not equal avoided costs can be set. The Postal Service states that of the 51 USPS

⁷¹ PR Comments at 12-13; PostCom Comments at 4; NPPC Comments at 16.

Marketing Mail workshare discounts, 30 are set equal to avoided costs and 21 are set below avoided costs. Notice at 15. The Postal Service asserts that the 21 workshare discounts set below avoided costs have been increased by at least 20 percent, are new, or are set to result in passthroughs of at least 85 percent. *Id.* at 15-18. In accordance with 39 C.F.R. § 3030.284, “[n]o proposal to adjust a rate may set a workshare discount that would be below the cost avoided by the Postal Service for not providing the applicable service” unless an exception listed in 39 C.F.R. § 3030.284(b)-(e) applies. 39 C.F.R. § 3030.284(a). These exceptions include: (1) the proposed workshare discount is associated with a new postal service, a change to an existing postal service, or a new workshare initiative; (2) the proposed workshare discount is a minimum of 20 percent more than the existing workshare discount; or (3) the percentage passthrough for the proposed workshare discount is at least 85 percent. *Id.* § 3030.284(b), (c), (e). The Commission has confirmed that the 21 USPS Marketing Mail workshare discounts set below avoided costs are permitted under one of the exceptions in 39 C.F.R. § 3030.284. The Commission has also confirmed that the 25 USPS Marketing Mail workshare discounts that had passthroughs under 85 percent and the 5 USPS Marketing Mail workshare discounts that exceeded avoided costs in FY 2021 have been addressed in this proceeding consistent with the FY 2021 ACD directives. FY 2021 ACD at 19-20, 22-23, 25.

With regard to all workshare discounts, the Commission encourages the Postal Service to use its pricing flexibility to ensure it sets discounts to incentivize desired mailer behavior and to work with mailers and consider their concerns as it plans future price adjustments. Regarding the new 5-Digit (direct) container discounts for High Density Plus and Saturation flats, as the commenters acknowledge and the Commission finds, these workshare discounts comply with 39 C.F.R. § 3030.284(b), which allows workshare discounts to be set below avoided costs when they are new.⁷²

⁷² 39 C.F.R. § 3030.284(b). See PR Comments at 12; NPPC Comments at 17.

Nonetheless, the Commission encourages the Postal Service to move these workshare discounts closer to avoided costs as quickly as feasible in order to ensure that the new workshare discounts are effective in incentivizing mailers to engage in the new worksharing activity, which is expected to confer efficiency benefits on the Postal Service as the workshared mail bypasses mail processing operations. See Section VI.E., *infra*.

E. Mail Classification Changes

1. Introduction

In this proceeding, the Postal Service proposes new workshare discounts for High Density Plus and Saturation (including EDDM) flats in 5-Digit (direct) containers (*i.e.*, pallets, sacks, and tubs). Notice at 12. In addition, the Postal Service proposes to extend the current discounts for Carrier Route and High Density flats on 5-Digit (direct) pallets to 5-Digit (direct) sacks and tubs. *Id.* The Postal Service also proposes three minor changes to the MCS to improve its accuracy.⁷³

2. The Postal Service's Position

With respect to the new workshare discounts for High Density Plus, Saturation, Carrier Route, and High Density flats in 5-Digit (direct) containers, the Postal Service explains that it is establishing these discounts because "5-Digit (direct) containers can

⁷³ Revised Attachment A at 66, 76, 83. In addition, the Postal Service acknowledges that in Revised Attachment A, it mistakenly removed a heading related to High Density Plus Flats. April 21 Response to CHIR No. 2, question 4.c. However, this heading is correct in the most recent version of the MCS posted on the Commission's website. See *id.* Attachment at 49; MCS § 1210.6. The Commission determines no further changes are needed in this proceeding. In response to a CHIR, the Postal Service also confirmed that two USPS Marketing Mail changes were not reflected in legislative format in Revised Attachment A. April 21 Response to CHIR No. 2, question 4.a., b. The Commission notes these changes are reflected in legislative format in the Attachment to this Order. In addition, the Postal Service clarified that a change identified in the April 21 Response to CHIR No. 2, question 4.c. and Attachment at 68 should not be made. Response to CHIR No. 4, question 2.a. Given the change was proposed in error, the change is not reflected in the Attachment to this Order.

be taken directly to the carrier and bypass bundle operations in both mail processing facilities and delivery units.” Notice at 12. The Postal Service notes that in the absence of this preparation, “mail would be presented in containers . . . that would require bundle sortation in mail processing facilities.” *Id.* Specifically, such mail “is transported from the dock to the bundle sorting operation . . . where the container is dumped and the contents sorted to the delivery unit. Once sorted, this mail is transported back to the dock.” *Id.* at 12-13. The Postal Service represents that “[w]hen mail is prepared in 5-Digit (direct) pallets or containers, all these operations are avoided and mail can be loaded directly to the delivery unit.” *Id.* at 13. The Postal Service states that the Commission “favorably reviewed an analogous discount for Carrier Route pieces on 5-Digit (direct) pallets in 2015” and approved a similar discount for High Density Flats on 5-Digit (direct) pallets in Docket No. R2021-2. *Id.*

The Postal Service states that the “new discounts will not adversely affect either the rates or the service levels of users of postal services who do not take advantage of them” because “[t]he discounts are generally available” and for those mailers that do not take advantage of them, alternative rates still exist. *Id.* at 14.

3. Comments

NPPC commends the Postal Service for the creation of the new workshare discounts. NPPC Comments at 16. NAPM also supports the new and expanded container-level discounts and encourages the Postal Service “to continue to look for additional opportunities where container-level discounts reflect its cost savings to drive beneficial mail preparation, both in [USPS] Marketing Mail and in First-Class Mail as well.” NAPM Comments at 5.

4. Commission Analysis

The Commission accepts the proposed changes to the MCS with respect to the new workshare discounts for High Density Plus and Saturation (including EDDM) flats in

5-Digit (direct) containers, as well as for the extension of the workshare discounts for Carrier Route and High Density flats on 5-Digit (direct) pallets to 5-Digit (direct) sacks and tubs. The Commission finds that these new discounts will encourage efficiency by providing lower prices for mailpieces in 5-Digit (direct) containers, which require less processing than other High Density Plus, Saturation, Carrier Route, and High Density mailpieces because they are able to be taken directly to the carrier and avoid bundle operations in mail processing facilities.

In addition, the Commission approves the three minor MCS corrections proposed by the Postal Service related to USPS Marketing Mail. Specifically, the Postal Service proposes to change “Nonautomation” to “Nonmachinable” in section 1225.2 to correct a typographical error.⁷⁴ The Postal Service also proposes to change “inch” to “inches” in the Marketing Parcels size and weight limitations table in section 1230.2 of the MCS. Revised Attachment A at 76. In addition, the Postal Service proposes to remove the description of an EDDM—Retail incentive program that expired on September 30, 2020, in section 1235.6 of the MCS.⁷⁵ In the Attachment to this Order, the Commission removes an additional reference to the expired EDDM—Retail incentive program in section 1235.4 of the MCS.

F. Statutory Preferential Rates

Nonprofit rates are required to yield per-piece revenues that equal, as nearly as practicable, 60 percent of commercial per-piece revenues. 39 U.S.C. § 3626(a)(6)(A). The Postal Service states that it has complied with this requirement in this proceeding. Notice at 27. The Public Representative agrees the Postal Service has complied with this requirement. PR Comments at 15. For the planned prices in this proceeding, the

⁷⁴ April 21 Response to CHIR No. 2, question 5; Revised Attachment A at 66.

⁷⁵ Revised Attachment A at 83. See Docket No. R2020-2, Order on Price Adjustments for USPS Marketing Mail, June 30, 2020 (Order No. 5570).

percentage ratio of the nonprofit average revenue per-piece to the commercial average revenue per-piece is 59.8 percent.⁷⁶ The Commission finds that the revenue per-piece percentage ratio proposed by the Postal Service fulfills the requirement of 39 U.S.C. § 3626(a)(6)(A).

G. Nonprofit Discounts

The Postal Service is required to either equalize or adequately justify all unequal nonprofit and commercial discounts.⁷⁷ The Postal Service states that it has complied with this requirement in this proceeding. Notice at 27. No commenter challenges the Postal Service's compliance with this requirement. The Commission finds that the Postal Service's planned nonprofit discounts comply with this requirement by equalizing comparable nonprofit and commercial discounts.

H. Other Comments Related to USPS Marketing Mail

1. Introduction

PostCom raises concerns related to USPS Marketing Mail that have not been addressed elsewhere in this section.

2. Comments

PostCom states that there is a considerable amount of variation among the price adjustments within USPS Marketing Mail, including "some anomalous rate changes [that] defy rational explanation." PostCom Comments at 4. First, PostCom takes issue with the Postal Service's reasoning for a "significant price increase on High Density Letters," stating that "by applying rate authority based on demand characteristics," "the

⁷⁶ Library Reference PRC-LR-R2022-1-2, Excel file "PRC-CAPCALC-MM-R2022-1.xlsx."

⁷⁷ See 39 U.S.C. § 403(c); *Nat'l Easter Seal Soc'y for Crippled Child. & Adults v. U.S. Postal Serv.*, 656 F.2d 754 (D.C. Cir. 1981).

Postal Service is, in effect, punishing efforts by mail producers to improve efficiency.” *Id.* at 5.

Second, PostCom criticizes the price reduction for EDDM—Retail, which it believes is unjustified given the reason for the High Density Letters increase and that “the price reduction will reduce revenues at a time when [the Postal Service] appears eager to capture as much revenue as possible.” *Id.* PostCom asserts the decrease cannot be justified as an incentive to encourage volumes since it is a product of limited utility. *Id.* However, PostCom also acknowledges that EDDM—Retail “provides minimal revenue and that the effect of the price reduction on the prices charged to other categories is minimal.” *Id.*

Third, PostCom takes issue with the disparate treatment of Detached Address Labels (DALs), the prices for which are not being increased, as compared to Detached Marketing Labels (DMLs), for which prices are proposed to increase. *Id.* PostCom asserts that both DALs and DMLs accompany the same products, have identical physical standards, and “[p]resumably . . . have identical cost characteristics.” *Id.* PostCom asserts the DML price increases in recent years “have led many mailers to reduce offering them in some mailings and markets” and that “the lack of DML revenue has hastened the closing—and departure from the mail—of some shared mailings.” *Id.* at 6. PostCom asserts that the price increases seem to be related to the Postal Service trying “to improve the competitive pricing and position of” EDDM—Retail, which PostCom is concerned “is driven not by concerns about efficiency, but by internal competitive concerns of wanting to highlight the Postal Service’s ‘own’ product.” *Id.* PostCom asserts “[t]his is not a legitimate basis for a price change” and requests that the Commission disallow the proposed increase for DMLs.

3. Commission Analysis

As a preliminary matter, the Commission notes that pricing flexibility for the Postal Service is an important component of the Market Dominant ratemaking system and that the Market Dominant ratemaking system was specifically designed to allow the Postal Service pricing flexibility. See 39 U.S.C. § 3622(b)(4). The authority to establish prices is vested primarily in the Governors of the Postal Service. *Id.* § 404(b). Under the ratemaking system, the Governors of the Postal Service have the discretion to use some, none, or all of the available rate authority and to select individual prices for products and rate cells that comply with the class-level price cap. Order No. 5763 at 313-14, 315-16. The Commission previously found that the class-level application of the price cap allows the Postal Service pricing flexibility to vary the size of rate changes at the class, product, and rate cell levels. *Id.* at 315-16; see 39 U.S.C. § 3622(b)(4), (8). Thus, the Postal Service retains flexibility to vary proposed prices within classes and among products. The Commission's review is limited to ensuring the proposed prices comply with the requirements of 39 C.F.R. part 3030, Commission directives and orders, and 39 U.S.C. §§ 3626, 3627, and 3629, which the proposed price adjustments for USPS Marketing Mail do and PostCom does not allege otherwise. 39 C.F.R. § 3030.126(b). As a result, the Commission has no basis for disallowing the prices proposed by the Postal Service in this proceeding or determining that proposed USPS Marketing Mail prices do not comply with applicable law. The Commission nonetheless encourages the Postal Service to work with mailers and consider the concerns they raise as it plans future price adjustments.

In addition, with regard to PostCom's concern about the "significant price increase" for the High Density/Saturation Letter product, the Commission notes that although the Postal Service proposes that this product receive an above-average increase in this proceeding, price increases for this product have been about equal to price increases for USPS Marketing Mail overall when averaged over the last seven rate

adjustment proceedings.⁷⁸ The product received increases below the class average in three of the last seven rate adjustment proceedings and increases above the class average in the other four (including the current proceeding) with an average increase of just 0.38 percentage points above the class average increase over the last seven rate adjustment proceedings.⁷⁹

With regard to PostCom's criticism of the price decrease for EDDM—Retail, the Commission notes that EDDM—Retail had a cost coverage of 248.3 percent in FY 2021, which was more than 65 percentage points higher than the USPS Marketing Mail product with the next highest cost coverage. FY 2021 ACD at 50; see PostCom Comments at 5. Not only is reducing prices for EDDM—Retail within the scope of the Postal Service's pricing flexibility, but electing to use a price decrease to potentially incentivize mailers to expand their usage of a product with such high cost coverage appears reasonable despite PostCom's comments that the price decrease will not incentivize volume. See PostCom Comments at 5. Further, as PostCom acknowledges, this product provides a small amount of revenue and therefore its price decrease has a minimal effect on the prices charged to other USPS Marketing Mail products. See *id.*

Finally, with regard to PostCom's criticism of the price increase for DMLs, the Commission notes that there are differences between DMLs and DALs, such as the inclusion of advertising with DMLs. Revised Attachment A at 51; see PostCom Comments at 5-6. Choosing to have higher prices for DMLs than DALs is a judgment within the scope of the Postal Service's pricing flexibility. In addition, PostCom alleges that the price increase for DMLs may be intended to make EDDM—Retail appear as an attractive alternative. See PostCom Comments at 6. Although this may be the case,

⁷⁸ Library Reference PRC-LR-R2022-1-2, Excel file "HD-Sat Letter Historical Price Changes.xlsx." See PostCom Comments at 5.

⁷⁹ Library Reference PRC-LR-R2022-1-2, Excel file "HD-Sat Letter Historical Price Changes.xlsx."

the Commission notes that EDDM—Retail flats are proposed to be priced at 18.7 cents after this proceeding while DMLs are proposed to be priced at 8 cents, a significant price differential.

VII. PERIODICALS

A. Introduction

This section discusses the price adjustment authority, non-compensatory products, workshare discounts, and statutory preferential rates applicable to Periodicals. The Postal Service does not propose any classification changes related to Periodicals in this proceeding.⁸⁰

B. Price Adjustment Authority

1. Introduction

The Periodicals class consists of two products: (1) In-County;⁸¹ and (2) Outside County. The planned price increase for Periodicals is, on average, 8.540 percent, which results in no remaining unused price adjustment authority.⁸² Table VII-1 shows the percentage price change for each Periodicals product as calculated by the Commission.

⁸⁰ In response to a CHIR, the Postal Service identified one Periodicals price change that was not reflected in legislative format in Revised Attachment A. April 21 Response to CHIR No. 2, question 4.c. The Postal Service filed an updated Revised Attachment A page reflecting this change in legislative format, which is also reflected in the Attachment to this Order. *Id.* Attachment at 96.

⁸¹ Although the Notice refers to this product as “Within County,” this product is named In-County Periodicals in the MCS. MCS § 1300.2.

⁸² As shown in Table II-1, *supra*, the Postal Service has 8.540 percent in available pricing authority. Subtracting the 8.540 percent the Postal Service is using in this proceeding from its available pricing authority calculates to 0.000 percent remaining as unused price adjustment authority. See Library Reference PRC-LR-R2022-1-3, Excel file “PRC-CAPCALC-PER-R2022-1.xlsx.”

Table VII-1
Periodicals Price Changes (By Product)

Periodicals Product	Price Change %
Outside County	8.582
In-County	7.750
Overall	8.540
Source: Library Reference PRC-LR-R2022-1-3, Excel file "PRC-CAPCALC-PER-R2022-1.xlsx."	

2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-5. In the Notice, the Postal Service references one adjustment to the hybrid year billing determinants for Periodicals. *Id.* at 22. The Postal Service states that "[i]n order to calculate the change in prices for Science of Agriculture Pounds for Zones 3–9, the Postal Service separated Science of Agriculture Pounds from Regular Advertising pounds in the billing determinants." *Id.* The Postal Service provides additional information concerning this adjustment to the billing determinants in the April 15 Response to CHIR No. 1 and related Excel file "R2022-1_CHIR_1_Q3.xlsx." April 15 Response to CHIR No. 1, question 3.

In addition, in response to a CHIR, the Postal Service identifies an additional change to the hybrid year billing determinants for Periodicals. April 21 Response to CHIR No. 2, question 6. The Postal Service explains that it uses Postal One data to determine the volume that would have qualified for the Seamless Acceptance incentive for the part of the hybrid year before the incentive went into effect and filed Library Reference USPS-LR-R2022-1/3, Excel file "(Revised) USPS-CAPCALC-PER-R2022-1.xlsx" to reflect this. *Id.*

3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative asserts that the planned price adjustments comply with the requirements of the price cap. PR Comments at 4, 9.

4. Commission Analysis

The Commission finds that the Postal Service's price adjustments for Periodicals comply with the price cap limitations specified by 39 C.F.R. part 3030. The Postal Service's planned price adjustment of 8.540 percent is equal to the total available authority; therefore, there is no unused price adjustment authority available for Periodicals after this proceeding.⁸³ The Commission accepts the Postal Service's adjustments to the billing determinants for Periodicals as reasonable.

C. Non-Compensatory Products

1. Introduction

In FY 2021, both the In-County and Outside County products did not cover their attributable costs. FY 2021 ACD at 27. As a result, the Periodicals class as a whole was non-compensatory in FY 2021 with the class cost coverage hitting an all-time low of 53.2 percent. *Id.* In the FY 2021 ACD, the Commission "encourage[d] the Postal Service to continue to maximize its usage of rate authority granted under 39 C.F.R. § 3030.222 and to maximize its revenue by strategically pricing Periodicals." *Id.* at 31.

⁸³ The new pricing authority available to Periodicals in this proceeding is 8.503 percent. In addition to that pricing authority, Periodicals had 0.037 percent of existing unused rate adjustment authority available. Therefore, the total pricing authority available for Periodicals in this proceeding is 8.540 percent. See Library Reference PRC-LR-R2022-1-3, Excel file "PRC-CAPCALC-PER-R2022-1.xlsx."

2. The Postal Service's Position

The proposed percentage changes in prices for In-County and Outside County as a result of this proceeding are 7.750 and 8.582 percent, respectively. April 21 Response to CHIR No. 2, question 6. The Postal Service acknowledges that the Periodicals class as a whole was non-compensatory in FY 2021 and utilizes the additional 2 percentage points of rate authority available to non-compensatory classes in this proceeding. Notice at 19. The Postal Service asserts that the price changes incorporate three strategies aimed at improving cost coverage: (1) “[i]ncreasing editorial pound prices to recapture revenue as the makeup of pounds has shifted from advertising to editorial[;]” (2) “[c]ontinuing to lower prices for tubs versus sacks to encourage more efficient mail handling[;]” and (3) “[i]ncreasing the price differential between basic Carrier Route and Machinable Automation 5-Digit Flats to encourage the preparation of Carrier Route pieces and reduce costs for the Postal Service.” *Id.*

3. Comments

No commenters raise issues pertaining to In-County's and Outside County's status as non-compensatory products.

4. Commission Analysis

As described in Section II., *supra*, non-compensatory products cannot have their rates reduced. 39 C.F.R. § 3030.127(b). Because the prices for both In-County and Outside County are increasing as a result of this proceeding, the proposed prices comply with 39 C.F.R. § 3030.127(b). The Commission notes that the pricing requirements of 39 C.F.R. § 3030.221 are inapplicable to non-compensatory products in non-compensatory classes and thus are inapplicable to both Periodicals products. The Commission recommends that the Postal Service continue to explore pricing strategies aimed at improving the cost coverage of the Periodicals class.

D. Workshare Discounts

1. Introduction

As described in Section II., *supra*, the rules in 39 C.F.R. part 3030, subpart J govern the pricing requirements for workshare discounts. In addition, in the FY 2021 ACD, the Commission identified 1 Periodicals workshare discount that exceeded its avoided costs and 25 Periodicals workshare discounts that had passthroughs under 85 percent in FY 2021 and specifically directed the Postal Service to bring those workshare discounts into compliance with 39 C.F.R. §§ 3030.283 and 3030.284 respectively in the next rate adjustment proceeding. FY 2021 ACD at 19-20, 21-22, 25. The Commission also directed that the Postal Service ensure that all workshare discounts comply with 39 C.F.R. § 3030.282. *Id.* at 20, 25.

2. The Postal Service's Position

The Postal Service asserts that all Periodicals workshare discounts comply with 39 C.F.R. part 3030, subpart J. See Notice at 20. The Postal Service states that no planned Periodicals workshare discounts exceed their avoided costs. *Id.* The Postal Service asserts that “[w]hile many Periodicals workshare discounts have passthrough ratios below 100 percent, the Postal Service is bringing all of them into compliance with 39 C.F.R. § 3030.284, either by ensuring that the passthrough ratio is at least 85 percent or by raising the discount by at least 20 percent.” *Id.*

3. Comments

The Public Representative states that the proposed workshare discounts comply with 39 C.F.R. part 3030, subpart J and reflect an improvement in bringing workshare discounts closer to avoided costs. PR Comments at 14. MPA agrees and “commend[s] the Postal Service for proposing Periodicals workshare discounts that largely trend in the right direction,” noting the “significant improvement” in the number of passthroughs

below 85 percent. MPA Comments at 2. However, MPA also notes that many of the “passthroughs that exceed 85 percent barely do so, and most Periodicals passthroughs are below 86 percent.” *Id.* MPA states that the Commission should encourage the Postal Service to set these workshare discounts closer to avoided costs in future price adjustments. *Id.* MPA also expresses a specific concern about the workshare discount for Outside County Carrier Route Basic, which has a proposed passthrough of 85.3 percent. *Id.* MPA concedes this discount is compliant with applicable regulations but views moving this discount closer to avoided costs as critical because the discount “incentivizes comailing, the highly efficient practice of building mailing density by combining smaller, higher-cost mailings into larger, more efficient ones.” *Id.* at 2-3.

To the extent commenters raised concerns about the sufficiency of 39 C.F.R. part 3030, subpart J and referenced Periodicals workshare discounts in a related discussion, those comments are discussed in Section IV.D., *supra*.

4. Commission Analysis

In accordance with 39 C.F.R. § 3030.282, if a workshare discount is currently equal to the cost avoided by the Postal Service, the size of the discount cannot be changed; if a workshare discount currently exceeds the cost avoided by the Postal Service, then the size of the discount cannot be increased; and if a workshare discount currently is less than the cost avoided by the Postal Service, then the size of the discount cannot be decreased. 39 C.F.R. § 3030.282. The Commission has verified that all Periodicals workshare discounts proposed in this proceeding comply with 39 C.F.R. § 3030.282.

The regulations also provide specific limitations on how workshare discounts that do not equal avoided costs can be set. The Postal Service represents that all Periodicals workshare discounts are set below their avoided costs but have been increased by at least 20 percent or are set to result in passthroughs of at least 85

percent. See Notice at 20-21. In accordance with 39 C.F.R. § 3030.284, “[n]o proposal to adjust a rate may set a workshare discount that would be below the cost avoided by the Postal Service for not providing the applicable service” unless one of several exceptions applies. 39 C.F.R. § 3030.284(a). One of the exceptions permits workshare discounts where “[t]he percentage passthrough for the proposed workshare discount is at least 85 percent.” *Id.* § 3030.284(e). Another permits a workshare discount set below avoided costs where “[t]he proposed workshare discount is a minimum of 20 percent more than the existing workshare discount.” *Id.* § 3030.284(c). The Commission has confirmed that all Periodicals workshare discounts set below avoided costs are permitted under one of the exceptions in 39 C.F.R. § 3030.284. The Commission has also confirmed that the 25 Periodicals workshare discounts that had passthroughs under 85 percent and the 1 Periodicals workshare discount that exceeded its avoided costs in FY 2021 have been addressed in this proceeding consistent with the FY 2021 ACD directives. FY 2021 ACD at 19-20, 21-22, 25.

Although the Periodicals workshare discounts comply with the regulations in 39 C.F.R. part 3030, subpart J, the Commission agrees with commenters that the Postal Service should look for ways to set workshare discounts closer to avoided costs and encourages the Postal Service to continue to move passthroughs closer to 100 percent in future rate adjustments. With respect to MPA’s comments about the Outside County Carrier Route Basic workshare discount, the Commission also encourages the Postal Service to work with mailers and consider the concerns they raise as it plans future price adjustments. See MPA Comments at 2-3.

E. Statutory Preferential Rates

1. Introduction

The Periodicals class is accorded several statutory pricing preferences. See 39 U.S.C. § 3626.

2. The Postal Service's Position

The Postal Service states that it has complied with these requirements in this proceeding. Notice at 26.

In-County. 39 U.S.C. § 3626(a)(3) requires that the prices for In-County Periodicals reflect this product's preferred status relative to the prices for regular rate (Outside County) Periodicals. The Postal Service asserts that it continues to recognize the preferential status of In-County Periodicals by setting its prices below those of Outside County Periodicals. *Id.*

Outside County—Nonprofit and Classroom. 39 U.S.C. § 3626(a)(4)(A) requires that Nonprofit and Classroom Periodicals receive, as nearly as practicable, a 5 percent discount from regular rate postage, except for advertising pounds. The Postal Service asserts that, consistent with past practice, it continues this rate preference by giving Nonprofit and Classroom pieces a 5 percent discount on all components of postage, except for advertising pounds and ride-along postage. *Id.* at 26-27.

Outside County—Science of Agriculture Periodicals. 39 U.S.C. § 3626(a)(5) requires that Science of Agriculture Periodicals be given preferential treatment for advertising pounds. The Postal Service states that it will continue to provide these publications with advertising pound prices for destination delivery unit, DSCF, and destination area distribution center that are 75 percent of the advertising pound prices applicable to regular Outside County Periodicals. *Id.* at 27. In addition, the Postal Service proposes that the advertising pound price for Outside County Science of Agriculture Periodicals in Zones 1 and 2 be set to 74.8 percent of the rate applicable to regular Outside County Periodicals. *Id.*

Limited circulation discount. 39 U.S.C. § 3626(g)(4)(C) provides preferential treatment for Outside County pieces of a Periodicals publication with fewer than 5,000 Outside County pieces and at least 1 In-County piece. The Postal Service states that it

is continuing the “limited circulation” discount that provides these pieces with a discount equivalent to the Nonprofit and Classroom discount. *Id.* at 28.

3. Comments

The Public Representative states that the Postal Service fulfills the requirements of 39 U.S.C. § 3626(a)(3), (a)(4)(A), (a)(5), and (g)(4)(C). PR Comments at 15.

4. Commission Analysis

The planned prices are consistent with statutory preferences for mail in the Periodicals class. Specifically:

- *In-County.* The average per-piece revenue for In-County is approximately 38.2 percent of the average per-piece revenue for Outside County pieces. This satisfies 39 U.S.C. § 3626(a)(3).
- *Outside County—Nonprofit and Classroom.* Nonprofit and Classroom publications receive a 5 percent discount from regular Outside County piece, bundle, sack, and pallet prices, and editorial pound prices, consistent with 39 U.S.C. § 3626(a)(4)(A).
- *Outside County—Science of Agriculture Periodicals.* Applicable Science of Agriculture advertising pound rates are 25 percent less than regular Periodicals, consistent with 39 U.S.C. § 3626(a)(5). The Commission notes that setting the advertising pound price for Outside County Science of Agriculture Periodicals in Zones 1 and 2 at 74.8 percent of the rate applicable to regular Outside County Periodicals is appropriate because setting those prices at exactly 75 percent of regular Outside County Periodicals is not possible due to the fact that prices are set to three decimal places.

- *Limited circulation discount.* The planned limited circulation discount for qualifying Outside County pieces is 5 percent, consistent with 39 U.S.C. § 3626(g)(4)(C).

VIII. PACKAGE SERVICES

A. Introduction

This section discusses the price adjustment authority, non-compensatory products, workshare discounts, classification changes, and statutory preferential rates applicable to Package Services.

B. Price Adjustment Authority

1. Introduction

The Package Services class consists of four products: (1) Alaska Bypass Service; (2) Bound Printed Matter (BPM) Flats; (3) BPM Parcels; and (4) Media Mail/Library Mail. The planned price increase for Package Services is, on average, 8.511 percent, which results in no remaining unused price adjustment authority.⁸⁴ Table VIII-1 shows the percentage price change for each Package Services product as calculated by the Commission.

⁸⁴ As shown in Table II-1, *supra*, the Postal Service has 8.511 percent in available pricing authority. Subtracting the 8.511 percent the Postal Service is using in this proceeding from its available pricing authority calculates to 0.000 percent remaining as unused price adjustment authority. See Library Reference PRC-LR-R2022-1-4, Excel file "PRC-CAPCALC-PACKSERV-R2022-1.xlsx."

Table VIII-1
Package Services Price Changes (By Product)

Package Services Product	Price Change %
Alaska Bypass Service	6.533
BPM Flats	4.166
BPM Parcels	10.516
Media Mail/Library Mail	8.897
Overall	8.511
Source: Library Reference PRC-LR-R2022-1-4, Excel file "PRC-CAPCALC-PACKSERV-R2022-1.xlsx."	

2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-5. The Postal Service proposes one adjustment to the hybrid year billing determinants for Package Services. *Id.* at 24. The Postal Service uses Postal One data to determine the volume that would have qualified for the Seamless Acceptance incentive for the part of the hybrid year before the incentive went into effect. *Id.* at 11, 24.

3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative asserts that the planned price adjustments comply with the requirements of the price cap. PR Comments at 4, 9.

4. Commission Analysis

The Commission finds that the Postal Service's price adjustments for Package Services comply with the price cap limitations specified by 39 C.F.R. part 3030. The Postal Service's planned price adjustment of 8.511 percent is equal to the total available

authority; therefore, there is no unused price adjustment authority available for Package Services after this proceeding.⁸⁵ The Commission accepts the Postal Service's adjustment to the billing determinants for Package Services as reasonable.

C. Non-Compensatory Products

1. Introduction

In FY 2021, two Package Services products, BPM Parcels and Media Mail/Library Mail, did not cover their attributable costs and had cost coverages of 94.6 and 84.3 percent, respectively. FY 2021 ACD at 36. As a result, the Package Services class as a whole was non-compensatory in FY 2021 with a class cost coverage of 93.2 percent. *Id.* In the FY 2021 ACD, the Commission found “that the Postal Service did not take adequate steps in FY 2021 to improve the cost coverage for [BPM Parcels]” and directed “the Postal Service to increase BPM Parcels’ prices by at least 2 percentage points above the class average in each Market Dominant rate adjustment affecting the Package Services class through the issuance of the FY 2022 ACD.”⁸⁶ In addition, the Commission “strongly recommend[ed] that the Postal Service continue to apply above-average price increases to Media Mail/Library Mail in rate adjustment proceedings.” FY 2021 ACD at 43.

⁸⁵ The new pricing authority available to Package Services in this proceeding is 8.503 percent. In addition to that pricing authority, Package Services had 0.008 percent of existing unused rate adjustment authority available. Therefore, the total pricing authority available for Package Services in this proceeding is 8.511 percent. See Library Reference PRC-LR-R2022-1-4, Excel file “PRC-CAPCALC-PACKSERV-R2022-1.xlsx.”

⁸⁶ *Id.* at 40. On April 28, 2022, the Postal Service filed a motion for reconsideration of this directive. Docket No. ACR2021, United States Postal Service Motion for Reconsideration of Directive Regarding Bound Printed Matter Parcels, April 28, 2022 (Reconsideration Motion). The Reconsideration Motion is currently pending before the Commission.

2. The Postal Service's Position

The proposed percentage changes in prices for BPM Parcels and Media Mail/Library Mail as a result of this proceeding are 10.516 and 8.897 percent, respectively. Notice at 22. The Postal Service acknowledges that the Package Services class as a whole was non-compensatory in FY 2021 and utilizes the additional 2 percentage points of rate authority available to non-compensatory classes in this proceeding. *Id.* The Postal Service states that it “is using nearly all available cap space currently to improve cost coverage.” *Id.* Specifically, the Postal Service states that it is complying with the FY 2021 ACD directive by applying an above-average increase of 10.516 percent to BPM Parcels. *Id.* The Postal Service also notes that it is addressing Media Mail/Library Mail's non-compensatory status by giving the product an above-average increase, which it asserts will improve the product's cost coverage. *Id.* at 23.

3. Comments

The Public Representative states that the proposed price increases for BPM Parcels and Media Mail/Library Mail are consistent with the FY 2021 ACD directives and recommendations. PR Comments at 19-20. No other commenters raise issues pertaining to BPM Parcels' and Media Mail/Library Mail's status as non-compensatory products.

4. Commission Analysis

As described in Section II., *supra*, non-compensatory products cannot have their rates reduced. 39 C.F.R. § 3030.127(b). Because the prices for both BPM Parcels and Media Mail/Library Mail are increasing as a result of this proceeding, the proposed prices comply with 39 C.F.R. § 3030.127(b).

The Commission notes that the pricing requirements of 39 C.F.R. § 3030.221 are inapplicable to non-compensatory products in non-compensatory classes and thus are

inapplicable to both BPM Parcels and Media Mail/Library Mail. However, in the FY 2021 ACD, the Commission directed the Postal Service to raise prices for BPM Parcels by at least 2 percentage points above the Package Services class average and strongly recommended that the Postal Service apply an above-average price increase to Media Mail/Library Mail in future rate adjustment proceedings. FY 2021 ACD at 40, 43. In this price adjustment, the Postal Service has proposed a price increase for the BPM Parcels product of 10.516 percent, which is more than 2 percentage points above the Package Services class average increase of 8.511 percent. This is consistent with the Commission's FY 2021 ACD directive. *See id.* at 40. In addition, the Postal Service has proposed a price increase for the Media Mail/Library Mail product of 8.897 percent, which is above the Package Services class average increase. This is consistent with the Commission's FY 2021 ACD pricing recommendation for Media Mail/Library Mail. *See id.* at 43.

D. Workshare Discounts

1. Introduction

As described in Section II., *supra*, the rules in 39 C.F.R. part 3030, subpart J govern the pricing requirements for workshare discounts. In addition, in the FY 2021 ACD, the Commission identified three Package Services workshare discounts that had passthroughs under 85 percent in FY 2021 and specifically directed the Postal Service to bring those workshare discounts into compliance with 39 C.F.R. § 3030.284 in the next rate adjustment proceeding. FY 2021 ACD at 23, 25. The Commission also directed that the Postal Service ensure that all workshare discounts comply with 39 C.F.R. § 3030.282. *Id.* at 25.

2. The Postal Service's Position

The Postal Service asserts that all Package Services workshare discounts comply with 39 C.F.R. part 3030, subpart J. See Notice at 24. With regard to the three Package Services workshare discounts that had passthroughs under 85 percent in FY 2021, the Postal Service states that it is increasing those discounts such that the passthroughs will be greater than 85 percent. *Id.* at 23-24. The Postal Service asserts that “[a]ll passthroughs [for the Package Services class] will be between 85 and 100 percent following this rate change and therefore in compliance with the Commission’s rules.” *Id.* at 24.

3. Comments

The Public Representative states that the proposed workshare discounts comply with 39 C.F.R. part 3030, subpart J and reflect an improvement in bringing workshare discounts closer to avoided costs. PR Comments at 14.

4. Commission Analysis

In accordance with 39 C.F.R. § 3030.282, if a workshare discount is currently equal to the cost avoided by the Postal Service, the size of the discount cannot be changed; if a workshare discount currently exceeds the cost avoided by the Postal Service, then the size of the discount cannot be increased; and if a workshare discount currently is less than the cost avoided by the Postal Service, then the size of the discount cannot be decreased. 39 C.F.R. § 3030.282. The Commission has verified that all Package Services workshare discounts proposed in this proceeding comply with 39 C.F.R. § 3030.282.

The regulations also provide specific limitations on how workshare discounts that do not equal avoided costs can be set. Two Package Services workshare discounts are proposed to equal their avoided costs and thus will have passthroughs of 100 percent.⁸⁷ All other Package Services workshare discounts are set to result in passthroughs of at least 85 percent.⁸⁸ In accordance with 39 C.F.R. 3030.284, “[n]o proposal to adjust a rate may set a workshare discount that would be below the cost avoided by the Postal Service for not providing the applicable service” unless one of several exceptions applies. 39 C.F.R. § 3030.284(a). One of the exceptions permits workshare discounts where “[t]he percentage passthrough for the proposed workshare discount is at least 85 percent.” *Id.* § 3030.284(e). The Commission has confirmed that all Package Services workshare discounts set below avoided costs result in a passthrough of at least 85 percent, thus complying with 39 C.F.R. § 3030.284. The Commission has also confirmed that the three Package Services workshare discounts that had passthroughs under 85 percent in FY 2021 have been addressed in this proceeding consistent with the FY 2021 ACD directive. FY 2021 ACD at 23, 25.

E. Mail Classification Changes

The Postal Service proposes one non-substantive change to the MCS related to the Package Services class. Specifically, the Postal Service proposes to change “FAA” to “Federal Aviation Administration” in the description of Alaska Bypass Service. Revised Attachment A at 100. There were no comments on this proposed change. The Commission accepts the proposed change to the MCS with respect to the non-substantive change proposed by the Postal Service for Alaska Bypass Service.

⁸⁷ Notice, Attachment B, Excel file “Attachment B R2022-1.xlsx,” tab “Bound Printed Matter Flats.”

⁸⁸ Notice at 24; *id.* Attachment B, Excel file “Attachment B R2022-1.xlsx,” tabs “Media Mail & Library Mail,” “Bound Printed Matter Flats,” and “Bound Printed Matter Parcel.”

F. Statutory Preferential Rates

The Postal Service is required to set prices for Library Mail as nearly as practicable to 95 percent of Media Mail prices. 39 U.S.C. § 3626(a)(7). The Postal Service explains that it satisfies this requirement by setting each Library Mail price element equal to 95 percent of its corresponding Media Mail price element. Notice at 27. The Public Representative agrees that the Postal Service has complied with this requirement. PR Comments at 15. The Commission finds that the prices for Media Mail and Library Mail comply with 39 U.S.C. § 3626(a)(7) because Library Mail prices are set as nearly as practicable to 95 percent of corresponding Media Mail prices.

IX. SPECIAL SERVICES

A. Introduction

This section discusses the price adjustment authority, non-compensatory products, and classification changes applicable to Special Services.

B. Price Adjustment Authority

1. Introduction

Special Services consists of nine products: (1) Ancillary Services; (2) International Ancillary Services; (3) Address Management Services; (4) Caller Service and Reserve Numbers; (5) Credit Card Authentication; (6) International Business Reply Mail Service; (7) Money Orders; (8) Post Office Box Service; and (9) Stamp Fulfillment Services. The planned price increase for Special Services is, on average, 6.441 percent, which results in 0.067 percent remaining unused price adjustment authority.⁸⁹

⁸⁹ As shown in Table II-1, *supra*, the Postal Service has 6.508 percent in available pricing authority. Subtracting the 6.441 percent the Postal Service is using in this proceeding from its available pricing authority calculates to 0.067 percent remaining as unused price adjustment authority. See Library Reference PRC-LR-R2022-1-5, Excel file "R2022-1 Special Services CapCalc.xlsx."

For the reasons explained in Section IX.B.4., *infra*, the available unused price adjustment authority will become 0.062 percent after July 20, 2022. Table IX-1 shows the percentage price change for each Special Services product as calculated by the Commission.

Table IX-1
Special Services Price Changes (By Product)

Special Services Product	Percent Change %
Ancillary Services*	5.854
International Ancillary Services	6.409
Address Management Services	7.411
Caller Service and Reserve Numbers	5.306
Credit Card Authentication	0.000
International Business Reply Mail Service	6.891
Money Orders	14.377
Post Office Box Service	6.813
Stamp Fulfillment Services	6.123
Overall	6.441
* See Library Reference PRC-LR-R2022-1-5 for the entire list of Ancillary Services and their respective price changes. Source: Library Reference PRC-LR-R2022-1-5, Excel file "R2022-1 Special Services CapCalc.xlsx."	

2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-5. The Postal Service proposes one adjustment to the hybrid year billing determinants for Special Services. *Id.* at 26. The Postal Service states that the billing determinants for Insurance, which is part of the Ancillary Services product, were adjusted to reflect that Priority Mail now includes \$100.00 of insurance. *Id.* Specifically, the billing determinants were adjusted to reflect a price of \$0.00 for customers who purchased \$100.00 of insurance with Priority Mail at retail or \$50.00 or \$100.00 of insurance for an item returned by Priority Mail prior to the introduction of the included insurance. *Id.*

3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative asserts that the planned price adjustments comply with the requirements of the price cap. PR Comments at 4.

4. Commission Analysis

The Commission finds that the Postal Service's price adjustments for Special Services comply with the price cap limitations specified by 39 C.F.R. part 3030. In the Notice, the Postal Service states that it uses 6.442 percent of its available pricing authority for Special Services and that the total unused price adjustment authority available for Special Services after this proceeding is 0.066 percent. Notice at 4, 5. During the proceeding, the Postal Service revised volumes for four price categories and filed updated billing determinant and price cap calculation files. Response to CHIR No. 3, question 6 and Excel files "R2022-1 CHIR 3 Q6 Special Services_4-21.xlsx" and "R2022-1 Special Services CapCalc_4-21.xlsx." The first affected price category is Permit Imprint Application Fee, which is a component of Ancillary Services. The other three price categories are Correction of Address Lists, ZIP Code Sortation of Address

Lists, and Change-of-Address Information for Election Boards and Registration Commissions, which are all components of Address Management Services. As a result of these changes, the Commission calculates the Postal Service's planned price adjustment for Special Services to be 6.441 percent, which is less than the total available authority of 6.508 percent and results in total unused price adjustment authority available for Special Services after this proceeding of 0.067 percent.⁹⁰

However, after July 20, 2022, the total unused price adjustment authority available for Special Services will be 0.062 percent. Unused price adjustment authority "lapse[s] 5 years from the date of the rate adjustment filing leading to its calculation." 39 C.F.R. § 3030.245(f). Of the 0.067 percent of total unused price adjustment authority available for Special Services after this proceeding, 0.005 percent was derived in Docket No. R2017-7. April 15 Response to CHIR No. 1, question 4.b. The notice in Docket No. R2017-7 was filed on June 30, 2017; however, the Commission "constructively adjust[ed]" the time of filing of the notice, including "deadlines set by that time of filing," to July 20, 2017, due to deficiencies in the initial filing.⁹¹ As a result, the 0.005 percent of unused price adjustment authority derived in Docket No. R2017-1 lapses after July 20, 2022, and at that time, the total unused price adjustment authority available to Special Services will be 0.062 percent.

⁹⁰ The new pricing authority available to Special Services in this proceeding is 6.503 percent. In addition to that pricing authority, Special Services had 0.005 percent of existing unused rate adjustment authority available. Therefore, the total pricing authority available for Special Services in this proceeding is 6.508 percent. See Library Reference PRC-LR-R2022-1-5, Excel file "R2022-1 Special Services CapCalc.xlsx."

⁹¹ Docket No. R2017-7, Order Tolling Filing Time, July 27, 2017, at 2 (Order No. 4018). See Docket No. R2017-7, United States Postal Service Notice of Market Dominant Price Adjustment and Classification Changes, June 30, 2017.

The Commission also notes that the Postal Service is adding unused rate adjustment authority for the Special Services class as a result of this proceeding. Because the Retirement Obligation Rate Authority of 39 C.F.R. part 3030, subpart E cannot be used to generate unused rate adjustment authority pursuant to 39 C.F.R. § 3030.181(c)(5), 39 C.F.R. § 3030.242(b) states that “unused rate adjustment authority cannot exceed the unused portion of rate authority calculated pursuant to subparts C and D . . . [of 39 C.F.R. part 3030] and [39 C.F.R.] § 3030.222.” 39 C.F.R. § 3030.242(b). Of the 0.067 percent in total unused rate adjustment authority available for Special Services after this proceeding, 0.062 percent is the result of authority derived from this proceeding. Because 0.062 percent is less than the rate authority available pursuant to subparts C and D of 39 C.F.R. part 3030 and 39 C.F.R. § 3030.222, the Special Services class complies with 39 C.F.R. § 3030.242(b). The Commission also accepts the Postal Service’s adjustment to the billing determinants for Special Services as reasonable.

C. Non-Compensatory Products

1. Introduction

In FY 2021, Money Orders was the only Special Services product that did not cover its attributable costs. FY 2021 ACD at 70. In FY 2021, it had a cost coverage of 88.5 percent. *Id.* In the FY 2021 ACD, the Commission directed “that the Postal Service increase Money Orders’ prices by at least 2 percentage points above the class average in each Market Dominant rate adjustment affecting the Special Services class through the issuance of the FY 2022 ACD” consistent with 39 C.F.R. § 3030.221. *Id.* at 71.

2. The Postal Service's Position

The proposed percentage change in prices for Money Orders as a result of this proceeding is 14.377 percent. Notice at 25. The Postal Service states that the proposed price increase for Money Orders “amply complies” with the FY 2021 ACD directive. *Id.*

3. Comments

The Public Representative states that the proposed price increase for Money Orders complies with the FY 2021 ACD directive and 39 C.F.R. § 3030.221. PR Comments at 18. No other commenters raise issues pertaining to Money Orders' status as a non-compensatory product.

4. Commission Analysis

As described in Section II., *supra*, there are two regulatory requirements specific to non-compensatory products in compensatory classes: (1) rates may not be reduced for non-compensatory products; and (2) rates for each non-compensatory product must increase by a minimum of 2 percentage points above the average percentage increase for its compensatory class.⁹²

In this price adjustment, the Postal Service has proposed a price increase for the Money Orders product of 14.377 percent, which is more than 2 percentage points above the Special Services class average increase of 6.441 percent. This is consistent with the requirements of 39 C.F.R. § 3030.127(b) and 39 C.F.R. § 3030.221 as well as the Commission's FY 2021 ACD directive. See FY 2021 ACD at 71.

⁹² 39 C.F.R. § 3030.127(b); *id.* § 3030.221. See FY 2021 ACD at 71.

D. Mail Classification Changes

1. Introduction

The Postal Service proposes several mail classification changes related to Address Management Services and the addition of a new Customized Address price category for Caller Service.⁹³ In addition, the Postal Service clarifies that Priority Mail mailpieces include \$100.00 in Insurance in the price table for the Insurance Ancillary Service. Revised Attachment A at 140; see Notice at 26.

2. The Postal Service's Position

Within the Address Management Services product, the Postal Service proposes several classification changes. For MASS Certification, the Postal Service proposes to end the practice of charging one-half the applicable fee for recertification of a machine. Revised Attachment A at 165; April 27 Response to CHIR No. 2, Attachment A at 170-72. The Postal Service proposes to have the initial test be provided at no charge with each subsequent test paying the full applicable fee instead. *Id.* The Postal Service explains that the initial test is required by the Postal Service, while “retesting occurs only if the customer fails to pass the initial test or if the customer elects a retest.” April 27 Response to CHIR No. 2, question 7.a.ii. The Postal Service further explains that “[t]he decision to make the initial test available to customers at no cost reflects fairness by alleviating the cost burden for customers to comply with the Postal Service mandate for

⁹³ April 27 Response to CHIR No. 2, question 7 and Attachment A at 170-72; Revised Attachment A at 165, 174; April 21 Response to CHIR No. 2, question 8. In the April 27 Response to CHIR No. 2, the Postal Service identifies additional changes to the MCS language for Address Management Services that should have been reflected in legislative format in Revised Attachment A and are needed to clarify the price table related to the Multiline Accuracy Support System (MASS) Certification changes. April 27 Response to CHIR No. 2, question 7.a.iii., iv. and Attachment A at 170-72. These changes appear in legislative format in the Attachment to this Order. In the notes to the Address Management Services price table in section 1515.2 of the MCS, the Commission also notes that the Postal Service identifies changes in the new note 10 that were previously approved by the Commission. *Id.* Attachment at 172; Order No. 5937, Attachment at 94.

the initial test, while shifting to customers the cost of any failure-based or customer-elected retests.” *Id.* The Postal Service asserts that “[t]he burden-shifting and price differential incentivizes customers to take reasonable measures to ensure they pass the initial test . . . , and it disincentivizes customers from opting for unnecessary elective retests.” *Id.* The Postal Service represents that “[r]ecertification occurs relatively rarely.” *Id.* question 7.a.i.

Also within the Address Management Services product, the Postal Service proposes to remove MCS language that states that proration is disallowed for additional sites for National Change of Address^{Link} (NCOA^{Link}) Service and for additional locations and platforms for Delivery Sequence File—2nd Generation (DSF²) Service. *Id.* Attachment A at 172. The Postal Service confirms that it now intends to allow proration in these circumstances and explains that allowing proration for NCOA^{Link} Service and DSF² Service aligns pricing for these services with other Address Management Services. April 27 Response to CHIR No. 2, question 7.b.i., iii., c.i., iii. The Postal Service states that when proration is disallowed, customers are incentivized to initiate services at the beginning of the year to maximize value, which can lead to the “bunching” of initiation requests. *Id.* question 7.b.iii., c.iii. The Postal Service asserts that proration removes the incentive to initiate services at the beginning of the year, “eliminating the increased administrative burden of processing ‘bunched’ initiation requests.” *Id.* The Postal Service also notes that proration allows the Postal Service to receive revenue earlier, “as customers will no longer be incentivized to wait for the start of the next calendar year to initiate service.” *Id.*

The Postal Service also proposes to add a new Customized Address price category for Caller Service. Revised Attachment A at 174. Caller Service allows customers to receive delivery through a call window or loading dock. *Id.* The new Customized Address price category will be available to “Caller Service customers who have been assigned a unique 5-digit Zip Code that is only used by their company.” *Id.*

With the Customized Address service, those customers “can apply to use a customized address in place of their assigned PO Box Number.” *Id.* For each approved address, the Postal Service proposes to charge \$2,000.00 for the first year and \$1,000.00 for each additional year. *Id.* The Postal Service explains that these charges are in addition to the Caller Service fee and the Call Number Reservation fee. April 21 Response to CHIR No. 2, question 8.b. The Postal Service represents that it “is creating the new service in response to requests from mailers.” *Id.* question 8.a.

3. Comments

No commenter addresses the planned mail classification changes for the Special Services class.

4. Commission Analysis

The Commission accepts the proposed changes to the MCS with respect to MASS Certification within the Address Management Services product. The Postal Service’s approach of removing fees for required testing and increasing fees for elective testing to incentivize customers to avoid elective retests is reasonable. See April 27 Response to CHIR No. 2, question 7.a.i., ii. The Commission also accepts the proposed changes to the MCS with respect to DSF² Service and NCOA^{Link} Service within the Address Management Services product. Allowing proration appears to have multiple benefits, including aligning Address Management Services’ pricing, avoiding “bunching” of initiation requests, and allowing the Postal Service to collect revenue earlier. See *id.* question 7.b.iii., c.iii.

The Commission also accepts the addition of the Customized Address price category to Caller Service. The Postal Service represents that it is creating the service in response to mailer requests, and the Commission commends the Postal Service for adding a service that appears to be mutually beneficial to the Postal Service and its customers. See April 21 Response to CHIR No. 2, question 8.a. In addition, the

Commission approves the clarification in the price table for Insurance Ancillary Services related to included insurance for Priority Mail mailpieces as the change improves the accuracy of the MCS and reflects current offerings.

X. ORDERING PARAGRAPHS

It is ordered:

1. The Commission finds that the Postal Service's planned price adjustments relating to First-Class Mail as identified in the United States Postal Service Notice of Market-Dominant Price Change, filed April 6, 2022, are consistent with applicable law and may take effect as planned.
2. The Commission finds that the Postal Service's planned price adjustments relating to USPS Marketing Mail as identified in the United States Postal Service Notice of Market-Dominant Price Change, filed April 6, 2022, are consistent with applicable law and may take effect as planned.
3. The Commission finds that the Postal Service's planned price adjustments relating to Periodicals as identified in the United States Postal Service Notice of Market-Dominant Price Change, filed April 6, 2022, are consistent with applicable law and may take effect as planned.
4. The Commission finds that the Postal Service's planned price adjustments relating to Package Services as identified in the United States Postal Service Notice of Market-Dominant Price Change, filed April 6, 2022, are consistent with applicable law and may take effect as planned.
5. The Commission finds that the Postal Service's planned price adjustments relating to Special Services as identified in the United States Postal Service

Notice of Market-Dominant Price Change, filed April 6, 2022, are consistent with applicable law and may take effect as planned.

6. Revisions to the Mail Classification Schedule appear below the signature of this Order. All revisions are effective July 10, 2022.

By the Commission.

Erica A. Barker
Secretary

CHANGES TO THE MAIL CLASSIFICATION SCHEDULE

The following material represents a change to the Mail Classification Schedule. The Commission uses two main conventions when making changes to the Mail Classification Schedule. New text is underlined. Deleted text is struck through.

*First-Class Mail
Single-Piece Letters/Postcards***Part A—Market Dominant Products**

1100 First-Class Mail

1105 Single-Piece Letters/Postcards

1105.5 Prices

Single-Piece Machinable Stamped Letters^{1, 2, 3}

Maximum Weight (ounces)	Machinable Letters (\$)
1	<u>0.60</u>
2	<u>0.84</u>
3	<u>1.08</u>
3.5	<u>1.32</u>

Single-Piece Machinable Metered Letters

Maximum Weight (ounces)	Machinable Letters (\$)
1	<u>0.57</u>
2	<u>0.81</u>
3	<u>1.05</u>
3.5	<u>1.29</u>

*First-Class Mail
Single-Piece Letters/Postcards**Single-Piece Nonmachinable Stamped Letters¹*

Maximum Weight (ounces)	Nonmachinable Letters (\$)
1	<u>0.99</u>
2	<u>1.23</u>
3	<u>1.47</u>
3.5	<u>1.71</u>

Single-Piece Nonmachinable Metered Letters

Maximum Weight (ounces)	Nonmachinable Letters (\$)
1	<u>0.96</u>
2	<u>1.20</u>
3	<u>1.44</u>
3.5	<u>1.68</u>

Single-Piece QBRM Letters

Maximum Weight (ounces)	QBRM Letters (\$)
4	
2	
<u>3.5</u>	<u>0.578</u>

First-Class Mail
Single-Piece Letters/Postcards*Single-Piece Residual Machinable Letters*

Maximum Weight (ounces)	Residual Machinable Letters (\$)
1	<u>0.60</u> ¹
2	<u>0.60</u> ¹
3	<u>0.60</u> ¹
3.5	<u>0.60</u> ¹

Single-Piece Postcards^{1,2}

Maximum Weight (ounces)	Postcards (\$)	Single-Piece Double Card (\$)
not applicable	<u>0.44</u>	<u>0.88</u>

Single-Piece QBRM Postcards

Maximum Weight (ounces)	QBRM Postcards (\$)
not applicable	<u>0.418</u>

Share Mail Letters and Postcards^{1,2}

Maximum Weight (ounces)	Share Mail Letters (\$)	Share Mail Postcards (\$)
1	<u>0.63</u>	<u>0.45</u>

*First-Class Mail
Presorted Letters/Postcards***1110 Presorted Letters/Postcards**

1110.5 Prices*Automation Letters*

Maximum Weight (ounces)	5-Digit (\$)	AADC (\$)	Mixed AADC (\$)
1	<u>0.455</u>	<u>0.491</u>	<u>0.515</u>
2	<u>0.455</u>	<u>0.491</u>	<u>0.515</u>
3	<u>0.455</u>	<u>0.491</u>	<u>0.515</u>
3.5	<u>0.455</u>	<u>0.491</u>	<u>0.515</u>

Nonautomation Presorted Machinable Letters

Maximum Weight (ounces)	AADC (\$)	Mixed AADC (\$)
1	<u>0.493</u>	<u>0.526</u>
2	<u>0.493</u>	<u>0.526</u>
3	<u>0.493</u>	<u>0.526</u>
3.5	<u>0.493</u>	<u>0.526</u>

Nonmachinable Letters

Maximum Weight (ounces)	5-Digit (\$)	3-Digit (\$)	Mixed ADC (\$)
1	<u>0.562</u>	<u>0.671</u>	0.794
2	<u>0.562</u>	<u>0.671</u>	0.794
3	<u>0.562</u>	<u>0.671</u>	0.794
3.5	<u>0.562</u>	<u>0.671</u>	0.794

*First-Class Mail
Presorted Letters/Postcards**Automation Postcards*

Maximum Weight (ounces)	5-Digit (\$)	AADC (\$)	Mixed AADC (\$)
not applicable	<u>0.330</u>	<u>0.348</u>	<u>0.359</u>

Nonautomation Presorted Machinable Postcards

Maximum Weight (ounces)	Presorted (\$)
not applicable	<u>0.372</u>

*First-Class Mail
Flats***1115 Flats**

1115.5 Prices

Automation Flats

Maximum Weight (ounces)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
1	0.555	<u>0.762</u>	<u>0.821</u>	<u>0.934</u>
2	<u>0.795</u>	<u>1.002</u>	<u>1.061</u>	<u>1.174</u>
3	<u>1.035</u>	<u>1.242</u>	<u>1.301</u>	<u>1.414</u>
4	<u>1.275</u>	<u>1.482</u>	<u>1.541</u>	<u>1.654</u>
5	<u>1.515</u>	<u>1.722</u>	<u>1.781</u>	<u>1.894</u>
6	<u>1.755</u>	<u>1.962</u>	<u>2.021</u>	<u>2.134</u>
7	<u>1.995</u>	<u>2.202</u>	<u>2.261</u>	<u>2.374</u>
8	<u>2.235</u>	<u>2.442</u>	<u>2.501</u>	<u>2.614</u>
9	<u>2.475</u>	<u>2.682</u>	<u>2.741</u>	<u>2.854</u>
10	<u>2.715</u>	<u>2.922</u>	<u>2.981</u>	<u>3.094</u>
11	<u>2.955</u>	<u>3.162</u>	<u>3.221</u>	<u>3.334</u>
12	<u>3.195</u>	<u>3.402</u>	<u>3.461</u>	<u>3.574</u>
13	<u>3.435</u>	<u>3.642</u>	<u>3.701</u>	<u>3.814</u>

*First-Class Mail
Flats**Presorted Flats*

Maximum Weight (ounces)	Presorted (\$)
1	<u>1.080</u>
2	<u>1.320</u>
3	<u>1.560</u>
4	<u>1.800</u>
5	<u>2.040</u>
6	<u>2.280</u>
7	<u>2.520</u>
8	<u>2.760</u>
9	<u>3.000</u>
10	<u>3.240</u>
11	<u>3.480</u>
12	<u>3.720</u>
13	<u>3.960</u>

*First-Class Mail
Flats**Single-Piece Flats¹*

Maximum Weight (ounces)	Single-Piece (\$)
1	<u>1.200</u>
2	<u>1.440</u>
3	<u>1.680</u>
4	<u>1.920</u>
5	<u>2.160</u>
6	<u>2.400</u>
7	<u>2.640</u>
8	<u>2.880</u>
9	<u>3.120</u>
10	<u>3.360</u>
11	<u>3.600</u>
12	<u>3.840</u>
13	<u>4.080</u>

*First-Class Mail
Flats**Keys and Identification Devices*

Maximum Weight (ounces)	Keys and Identification Devices (\$)
1	<u>3.95</u>
2	<u>4.19</u>
3	<u>4.43</u>
4	<u>4.67</u>
5	<u>4.91</u>
6	<u>5.15</u>
7	<u>5.39</u>
8	<u>5.63</u>
9	<u>5.87</u>
10	<u>6.11</u>
11	<u>6.35</u>
12	<u>6.59</u>
13	<u>6.83</u>
1 (pound)	Priority Mail Retail Zone 4 postage plus 0.92
2 (pounds)	Priority Mail Retail Zone 4 postage plus 0.92

1120 **[Reserved]**

First-Class Mail
*Outbound Single-Piece First-Class Mail International***1125 Outbound Single-Piece First-Class Mail International**

1125.6 Prices*Machinable Letters¹*

Maximum Weight (ounces)	Country Price Group								
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)
1	<u>1.40</u>	<u>1.40</u>	<u>1.40</u>	<u>1.40</u>	<u>1.40</u>	<u>1.40</u>	<u>1.40</u>	<u>1.40</u>	<u>1.40</u>
2	<u>1.40</u>	<u>2.11</u>	<u>2.62</u>	<u>2.62</u>	<u>2.62</u>	<u>2.42</u>	<u>2.42</u>	<u>2.42</u>	<u>2.42</u>
3	<u>1.97</u>	<u>2.80</u>	<u>3.82</u>	<u>3.82</u>	<u>3.82</u>	<u>3.45</u>	<u>3.45</u>	<u>3.45</u>	<u>3.45</u>
3.5	<u>2.54</u>	<u>3.50</u>	<u>5.04</u>	<u>5.04</u>	<u>5.04</u>	<u>4.46</u>	<u>4.46</u>	<u>4.46</u>	<u>4.46</u>

Nonmachinable Letters

Maximum Weight (ounces)	Country Price Group								
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)
1	<u>1.79</u>	<u>1.79</u>	<u>1.79</u>	<u>1.79</u>	<u>1.79</u>	<u>1.79</u>	<u>1.79</u>	<u>1.79</u>	<u>1.79</u>
2	<u>1.79</u>	<u>2.50</u>	<u>3.01</u>	<u>3.01</u>	<u>3.01</u>	<u>2.81</u>	<u>2.81</u>	<u>2.81</u>	<u>2.81</u>
3	<u>2.36</u>	<u>3.19</u>	<u>4.21</u>	<u>4.21</u>	<u>4.21</u>	<u>3.84</u>	<u>3.84</u>	<u>3.84</u>	<u>3.84</u>
3.5	<u>2.93</u>	<u>3.89</u>	<u>5.43</u>	<u>5.43</u>	<u>5.43</u>	<u>4.85</u>	<u>4.85</u>	<u>4.85</u>	<u>4.85</u>

Postcards

Maximum Weight (ounces)	Canada (\$)	Mexico (\$)	All Other Countries (\$)
not applicable	<u>1.40</u>	<u>1.40</u>	<u>1.40</u>

First-Class Mail
*Outbound Single-Piece First-Class Mail International**Large Envelopes (Flats)*

Maximum Weight (ounces)	Country Price Group								
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)
1	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>
2	<u>3.03</u>	<u>3.60</u>	<u>3.90</u>	<u>3.90</u>	<u>3.90</u>	<u>3.85</u>	<u>3.85</u>	<u>3.85</u>	<u>3.85</u>
3	<u>3.29</u>	<u>4.40</u>	<u>5.03</u>	<u>5.03</u>	<u>5.03</u>	<u>4.91</u>	<u>4.91</u>	<u>4.91</u>	<u>4.91</u>
4	<u>3.52</u>	<u>5.23</u>	<u>6.18</u>	<u>6.18</u>	<u>6.18</u>	<u>5.98</u>	<u>5.98</u>	<u>5.98</u>	<u>5.98</u>
5	<u>3.78</u>	<u>6.05</u>	<u>7.31</u>	<u>7.31</u>	<u>7.31</u>	<u>7.05</u>	<u>7.05</u>	<u>7.05</u>	<u>7.05</u>
6	<u>4.03</u>	<u>6.86</u>	<u>8.44</u>	<u>8.44</u>	<u>8.44</u>	<u>8.13</u>	<u>8.13</u>	<u>8.13</u>	<u>8.13</u>
7	<u>4.29</u>	<u>7.69</u>	<u>9.58</u>	<u>9.58</u>	<u>9.58</u>	<u>9.19</u>	<u>9.19</u>	<u>9.19</u>	<u>9.19</u>
8	<u>4.54</u>	<u>8.50</u>	<u>10.70</u>	<u>10.70</u>	<u>10.70</u>	<u>10.26</u>	<u>10.26</u>	<u>10.26</u>	<u>10.26</u>
12	<u>5.80</u>	<u>10.26</u>	<u>12.98</u>	<u>12.98</u>	<u>12.98</u>	<u>12.48</u>	<u>12.48</u>	<u>12.48</u>	<u>12.48</u>
15.994	<u>7.05</u>	<u>12.03</u>	<u>15.25</u>	<u>15.25</u>	<u>15.25</u>	<u>14.68</u>	<u>14.68</u>	<u>14.68</u>	<u>14.68</u>

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Letters***1200 USPS Marketing Mail (Commercial and Nonprofit)**

1205 High Density and Saturation Letters

1205.6 Prices

Saturation Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.209</u>	<u>0.128</u>
DNDC	<u>0.186</u>	<u>0.105</u>
DSCF	<u>0.179</u>	<u>0.098</u>

High Density Plus Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.225</u>	<u>0.135</u>
DNDC	<u>0.202</u>	<u>0.112</u>
DSCF	<u>0.195</u>	<u>0.105</u>

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Letters**High Density Letters (3.5 ounces or less)*

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.270</u>	0.153
DNDC	<u>0.247</u>	<u>0.130</u>
DSCF	<u>0.240</u>	<u>0.123</u>

Forwarding-and-Return Service

If Forwarding Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay ~~\$0.52~~\$0.54 per piece. All other letters requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece multiplied by a factor of 2.472.

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels***1210 High Density and Saturation Flats/Parcels**

1210.4 Price Categories

The following price categories are available for the product specified in this section:

- Saturation Flats in 5-Digit Containers
DDU, DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

- High Density Plus Flats in 5-Digit Containers
DDU, DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

- High Density Flats in 5-Digit Containers
DDU, DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

1210.6 Prices

Saturation Flats (4.0 ounces or less)

Entry Point	Commercial (\$)		Nonprofit (\$)	
	EDDM	Other	EDDM	Other
Origin	<u>0.262</u>	<u>0.261</u>	<u>0.170</u>	<u>0.169</u>
DNDC	<u>0.216</u>	<u>0.215</u>	<u>0.124</u>	<u>0.123</u>
DSCF	<u>0.201</u>	<u>0.200</u>	<u>0.109</u>	<u>0.108</u>
DDU	<u>0.182</u>	<u>0.181</u>	<u>0.090</u>	<u>0.089</u>

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels**Saturation Flats (greater than 4.0 ounces)*

a. Per Piece

	Commercial (\$)		Nonprofit (\$)	
	EDDM	Other	EDDM	Other
Per Piece	<u>0.092</u>	<u>0.091</u>	<u>0.043</u>	<u>0.042</u>

b. Per Pound

Entry Point	Commercial (\$)		Nonprofit (\$)	
	EDDM	Other	EDDM	Other
Origin	<u>0.680</u>	<u>0.680</u>	<u>0.508</u>	<u>0.508</u>
DNDC	<u>0.497</u>	<u>0.497</u>	<u>0.325</u>	<u>0.325</u>
DSCF	<u>0.434</u>	<u>0.434</u>	<u>0.262</u>	<u>0.262</u>
DDU	<u>0.358</u>	<u>0.358</u>	<u>0.186</u>	<u>0.186</u>

Saturation Parcels

a. Per Piece

Mailing Volume Tier	Commercial		Nonprofit	
	Small (\$)	Large (\$)	Small (\$)	Large (\$)
0-200,000	<u>0.380</u>	<u>0.438</u>	<u>0.285</u>	<u>0.329</u>
200,001 and above	<u>0.365</u>	<u>0.424</u>	<u>0.275</u>	<u>0.318</u>

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels*

b. Handling Fees for DNDC/DSCF Entry

	Commercial (\$)	Nonprofit (\$)
Entry Point/ Presort	Pallet	Pallet
DNDC – 3-Digit	<u>66.554</u>	<u>53.243</u>
DNDC – 5-Digit	<u>108.214</u>	<u>86.571</u>
DSCF – 5-Digit	<u>50.700</u>	<u>40.705</u>
Pallet Presort	Carton/Sack	Carton/Sack
3-Digit	<u>9.063</u>	<u>7.385</u>

High Density Plus Flats (4.0 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.275</u>	<u>0.181</u>
DNDC	<u>0.229</u>	<u>0.135</u>
DSCF	<u>0.214</u>	<u>0.120</u>
DDU	<u>0.195</u>	<u>0.101</u>

USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels*High Density Plus Flats (greater than 4.0 ounces)*

a. Per Piece

	Commercial (\$)	Nonprofit (\$)
Per Piece	<u>0.105</u>	<u>0.054</u>

b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.680</u>	<u>0.508</u>
DNDC	<u>0.497</u>	<u>0.325</u>
DSCF	<u>0.434</u>	<u>0.262</u>
DDU	<u>0.358</u>	<u>0.186</u>

High Density Flats (4.0 ounces or less)

Entry Point	Commercial (\$)		Nonprofit (\$)	
	5-Digit Pallet	Other	5-Digit Pallet	Other
Origin	<u>0.320</u>		<u>0.229</u>	
DNDC	<u>0.274</u>		<u>0.183</u>	
DSCF	<u>0.259</u>		<u>0.168</u>	
DDU	<u>0.240</u>		<u>0.149</u>	

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels**High Density Flats (greater than 4.0 ounces)*

a. Per Piece

Entry Point	Commercial (\$)		Nonprofit (\$)	
	5-Digit Pallets	Other	5-Digit Pallets	Other
Origin	<u>0.150</u>		<u>0.102</u>	
DNDC	<u>0.150</u>		<u>0.102</u>	
DSCF	<u>0.150</u>		<u>0.102</u>	
DDU	<u>0.150</u>		<u>0.102</u>	

b. Per Pound

Entry Point	Commercial (\$)		Nonprofit (\$)	
	5-Digit Pallets	Other	5-Digit Pallets	Other
Origin	<u>0.680</u>		<u>0.508</u>	
DNDC	<u>0.497</u>		<u>0.325</u>	
DSCF	<u>0.434</u>		<u>0.262</u>	
DDU	<u>0.358</u>		<u>0.186</u>	

Containerization DiscountsSaturation and EDDM Flat-shaped pieces in a 5-Digit Container receive a discount of \$0.007.High Density Plus Flat-shaped pieces in a 5-Digit Container receive a discount of \$0.010.High Density Flat-shaped pieces in a 5-Digit Container receive a discount of \$0.012.

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels*

Flat-shaped pieces including a Detached Address Label

Add \$0.065 for each piece addressed using a Detached Address Label with no advertising, and ~~\$0.07~~\$0.08 for each piece using a Detached Address Label containing advertising (Detached Marketing Label).

Forwarding-and-Return Service

If Forwarding Service is used in conjunction with electronic Address Correction Service, forwarded flats pay ~~\$1.74~~\$1.80 per piece and forwarded parcels pay ~~\$5.42~~\$5.88 per piece. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail or First-Class Package Service price for the piece multiplied by a factor of 2.472.

USPS Marketing Mail (Commercial and Nonprofit)
Carrier Route**1215 Carrier Route**

1215.4 Price Categories

The following price categories are available for the product specified in this section:

- Flats in 5-Digit Containers
DDU, DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

1215.6 Prices

Carrier Route Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.400</u>	<u>0.283</u>
DNDC	<u>0.377</u>	<u>0.260</u>
DSCF	<u>0.370</u>	<u>0.253</u>

Carrier Route Flats (4.0 ounces or less)

Entry Point	Commercial (\$)		Nonprofit (\$)	
	5-Digit Pallet	Other	5-Digit Pallet	Other
Origin	<u>0.390</u>		<u>0.299</u>	
DNDC	<u>0.334</u>		<u>0.243</u>	
DSCF	<u>0.323</u>		<u>0.232</u>	
DDU	<u>0.321</u>		<u>0.230</u>	

USPS Marketing Mail (Commercial and Nonprofit)
Carrier Route*Carrier Route Flats (greater than 4.0 ounces)*

a. Per Piece

Entry Point	Commercial (\$)		Nonprofit (\$)	
	5-Digit Pallets	Other	5-Digit Pallets	Other
Origin	<u>0.171</u>		<u>0.122</u>	
DNDC	<u>0.171</u>		<u>0.122</u>	
DSCF	<u>0.171</u>		<u>0.122</u>	
DDU	<u>0.171</u>		<u>0.122</u>	

b. Per Pound

Entry Point	Commercial (\$)		Nonprofit (\$)	
	5-Digit Pallet	Other	5-Digit Pallet	Other
Origin	<u>0.877</u>		<u>0.709</u>	
DNDC	<u>0.651</u>		<u>0.483</u>	
DSCF	<u>0.606</u>		<u>0.438</u>	
DDU	<u>0.601</u>		<u>0.433</u>	

USPS Marketing Mail (Commercial and Nonprofit)
Carrier Route*Carrier Route Parcels*

a. Per Piece

Mailing Volume Tier	Commercial		Nonprofit	
	Small (\$)	Large (\$)	Small (\$)	Large (\$)
0-200,000	<u>0.527</u>	<u>0.583</u>	<u>0.394</u>	<u>0.438</u>
200,001 and above	<u>0.510</u>	<u>0.568</u>	<u>0.384</u>	<u>0.427</u>

b. Handling Fees for DNDC/DSCF Entry

	Commercial (\$)	Nonprofit (\$)
Entry Point/ Presort	Pallet	Pallet
DNDC – 3-Digit	<u>66.554</u>	<u>53.243</u>
DNDC – 5-Digit	<u>108.214</u>	<u>86.571</u>
DSCF – 5-Digit	<u>50.700</u>	<u>40.705</u>
Pallet Presort	Carton/Sack	Carton/Sack
3-Digit	<u>9.063</u>	<u>7.385</u>

Containerization Discounts

Carrier Route Flat-shaped pieces in a 5-Digit Container receive a discount of \$0.022.

Forwarding-and-Return Service

If Forwarding Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay ~~\$0.52~~\$0.54 per piece, forwarded flats pay ~~\$1.74~~\$1.80 per piece, and forwarded parcels pay ~~\$5.42~~\$5.88 per piece. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail or First-Class Package Service price for the piece multiplied by a factor of 2.472.

USPS Marketing Mail (Commercial and Nonprofit)
Letters**1220 Letters**

1220.6 Prices

Automation Letters (3.5 ounces or less)

Entry Point	Commercial			Nonprofit		
	5-Digit (\$)	AADC (\$)	Mixed AADC (\$)	5-Digit (\$)	AADC (\$)	Mixed AADC (\$)
Origin	<u>0.296</u>	<u>0.328</u>	<u>0.349</u>	<u>0.154</u>	<u>0.186</u>	<u>0.207</u>
DNDC	<u>0.273</u>	<u>0.305</u>	<u>0.326</u>	<u>0.131</u>	<u>0.163</u>	<u>0.184</u>
DSCF	<u>0.266</u>	<u>0.298</u>	n/a	<u>0.124</u>	<u>0.156</u>	n/a

Machinable Letters (3.5 ounces or less)

Entry Point	Commercial		Nonprofit	
	AADC (\$)	Mixed AADC (\$)	AADC (\$)	Mixed AADC (\$)
Origin	<u>0.339</u>	<u>0.355</u>	<u>0.197</u>	<u>0.213</u>
DNDC	<u>0.316</u>	<u>0.332</u>	<u>0.174</u>	<u>0.190</u>
DSCF	<u>0.309</u>	n/a	<u>0.167</u>	n/a

Forwarding-and-Return Service

If Forwarding Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay ~~\$0.52~~\$0.54 per piece. All other letters requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece multiplied by a factor of 2.472.

USPS Marketing Mail (Commercial and Nonprofit)
Flats**1225 Flats**

1225.2 Size and Weight Limitations

~~Nonautomation~~ Nonmachinable Letters

	Length	Height	Thickness	Weight
Minimum	5 inches	3.5 inches	0.007 inch	none
Maximum	11.5 inches	6.125 inches	0.25 inch	<16 ounces

1225.6 Prices

Automation Flats (4.0 ounces or less)

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.530</u>	<u>0.684</u>	<u>0.782</u>	<u>0.854</u>
DNDC	<u>0.461</u>	<u>0.615</u>	<u>0.713</u>	<u>0.785</u>
DSCF	<u>0.439</u>	<u>0.593</u>	<u>0.691</u>	n/a

Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.324</u>	<u>0.478</u>	<u>0.576</u>	<u>0.648</u>
DNDC	<u>0.255</u>	<u>0.409</u>	<u>0.507</u>	<u>0.579</u>
DSCF	<u>0.233</u>	<u>0.387</u>	<u>0.485</u>	n/a

*USPS Marketing Mail (Commercial and Nonprofit)
Flats**Automation Flats (greater than 4.0 ounces)*

a. Per Piece

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.258</u>	<u>0.412</u>	<u>0.510</u>	<u>0.582</u>
DNDC	<u>0.258</u>	<u>0.412</u>	<u>0.510</u>	<u>0.582</u>
DSCF	<u>0.258</u>	<u>0.412</u>	<u>0.510</u>	n/a
Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.092</u>	<u>0.246</u>	<u>0.344</u>	<u>0.416</u>
DNDC	<u>0.092</u>	<u>0.246</u>	<u>0.344</u>	<u>0.416</u>
DSCF	<u>0.092</u>	<u>0.246</u>	<u>0.344</u>	n/a

USPS Marketing Mail (Commercial and Nonprofit)
Flats

b. Per Pound

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>1.087</u>	<u>1.087</u>	<u>1.087</u>	<u>1.087</u>
DNDC	<u>0.811</u>	<u>0.811</u>	<u>0.811</u>	<u>0.811</u>
DSCF	<u>0.723</u>	<u>0.723</u>	<u>0.723</u>	n/a

Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.927</u>	<u>0.927</u>	<u>0.927</u>	<u>0.927</u>
DNDC	<u>0.651</u>	<u>0.651</u>	<u>0.651</u>	<u>0.651</u>
DSCF	<u>0.563</u>	<u>0.563</u>	<u>0.563</u>	n/a

Nonautomation Flats (4.0 ounces or less)

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.611</u>	<u>0.736</u>	<u>0.800</u>	<u>0.881</u>
DNDC	<u>0.542</u>	<u>0.667</u>	<u>0.731</u>	<u>0.812</u>
DSCF	<u>0.520</u>	<u>0.645</u>	<u>0.709</u>	n/a

Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.405</u>	<u>0.530</u>	<u>0.594</u>	<u>0.675</u>
DNDC	<u>0.336</u>	<u>0.461</u>	<u>0.525</u>	<u>0.606</u>
DSCF	<u>0.314</u>	<u>0.439</u>	<u>0.503</u>	n/a

*USPS Marketing Mail (Commercial and Nonprofit)
Flats**Nonautomation Flats (greater than 4.0 ounces)*

a. Per Piece

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.339</u>	<u>0.464</u>	<u>0.528</u>	<u>0.609</u>
DNDC	<u>0.339</u>	<u>0.464</u>	<u>0.528</u>	<u>0.609</u>
DSCF	<u>0.339</u>	<u>0.464</u>	<u>0.528</u>	n/a
Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.173</u>	<u>0.298</u>	<u>0.362</u>	<u>0.443</u>
DNDC	<u>0.173</u>	<u>0.298</u>	<u>0.362</u>	<u>0.443</u>
DSCF	<u>0.173</u>	<u>0.298</u>	<u>0.362</u>	n/a

*USPS Marketing Mail (Commercial and Nonprofit)
Flats*

b. Per Pound

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>1.087</u>	<u>1.087</u>	<u>1.087</u>	<u>1.087</u>
DNDC	<u>0.811</u>	<u>0.811</u>	<u>0.811</u>	<u>0.811</u>
DSCF	<u>0.723</u>	<u>0.723</u>	<u>0.723</u>	n/a

Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.927</u>	<u>0.927</u>	<u>0.927</u>	<u>0.927</u>
DNDC	<u>0.651</u>	<u>0.651</u>	<u>0.651</u>	<u>0.651</u>
DSCF	<u>0.563</u>	<u>0.563</u>	<u>0.563</u>	n/a

Customized MarketMail Prices

	Commercial (\$)	Nonprofit (\$)
Per Piece	<u>0.536</u>	<u>0.396</u>

Forwarding-and-Return Service

If Forwarding Service is used in conjunction with electronic Address Correction Service, forwarded flats pay ~~\$1.74~~\$1.80 per piece. All other flats requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece multiplied by a factor of 2.472.

*USPS Marketing Mail (Commercial and Nonprofit)
Parcels***1230 Parcels**

1230.2 Size and Weight Limitations

Marketing Parcels

	Length	Height	Thickness	Weight
Minimum ¹	5 inches	3.5 inches	0.009 inches <u>es</u>	none
Maximum	12 inches	9 inches	2 inches <u>es</u>	<16 ounces

1230.6 Prices

Marketing Parcels (3.3 ounces or less)

Entry Point	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Origin	n/a	n/a	<u>2.247</u>	<u>2.725</u>	n/a	n/a	<u>2.081</u>	<u>2.559</u>
DNDC	<u>0.817</u>	<u>1.761</u>	<u>2.131</u>	n/a	<u>0.651</u>	<u>1.595</u>	<u>1.965</u>	n/a
DSCF	<u>0.784</u>	<u>1.728</u>	n/a	n/a	<u>0.618</u>	<u>1.562</u>	n/a	n/a
DDU	<u>0.745</u>	n/a	n/a	n/a	<u>0.579</u>	n/a	n/a	n/a

USPS Marketing Mail (Commercial and Nonprofit)
Parcels

Marketing Parcels (greater than 3.3 ounces)

a. Per Piece

	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.610</u>	<u>1.554</u>	<u>1.924</u>	<u>2.402</u>	<u>0.490</u>	<u>1.434</u>	<u>1.804</u>	<u>2.282</u>

b. Per Pound

Entry Point	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Origin	n/a	n/a	<u>1.565</u>	<u>1.565</u>	n/a	n/a	<u>1.342</u>	<u>1.342</u>
DNDC	<u>1.005</u>	<u>1.005</u>	<u>1.005</u>	n/a	<u>0.782</u>	<u>0.782</u>	<u>0.782</u>	n/a
DSCF	<u>0.842</u>	<u>0.842</u>	n/a	n/a	<u>0.619</u>	<u>0.619</u>	n/a	n/a
DDU	<u>0.654</u>	n/a	n/a	n/a	<u>0.431</u>	n/a	n/a	n/a

USPS Marketing Mail (Commercial and Nonprofit)
Parcels*Nonprofit Machinable Parcels Prices (3.5 ounces or more)*

a. Per Piece

	5-Digit (\$)	NDC (\$)	Mixed NDC (\$)
Per Piece	<u>0.434</u>	<u>1.217</u>	<u>1.780</u>

b. Per Pound

Entry Point	5-Digit (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	<u>1.453</u>	<u>1.453</u>
DNDC	<u>0.872</u>	<u>0.872</u>	n/a
DSCF	<u>0.624</u>	n/a	n/a
DDU	<u>0.547</u>	n/a	n/a

Nonprofit Irregular Parcels (3.3 ounces or less)

Entry Point	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	n/a	<u>2.552</u>	<u>2.913</u>
DNDC	<u>0.614</u>	<u>1.600</u>	<u>2.432</u>	n/a
DSCF	<u>0.563</u>	<u>1.549</u>	n/a	n/a
DDU	<u>0.547</u>	n/a	n/a	n/a

*USPS Marketing Mail (Commercial and Nonprofit)
Parcels**Nonprofit Irregular Parcels (greater than 3.3 ounces)*

a. Per Piece

Entry Point	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Per Piece	<u>0.434</u>	<u>1.420</u>	<u>2.252</u>	<u>2.613</u>

b. Per Pound

Entry Point	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	n/a	<u>1.453</u>	<u>1.453</u>
DNDC	<u>0.872</u>	<u>0.872</u>	<u>0.872</u>	n/a
DSCF	<u>0.624</u>	<u>0.624</u>	n/a	n/a
DDU	<u>0.547</u>	n/a	n/a	n/a

Forwarding-and-Return Service

If Forwarding Service is used in conjunction with electronic Address Correction Service, forwarded parcels pay ~~\$5.42~~\$5.88 per piece. All other parcels requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Package Service or Priority Mail price for the piece multiplied by a factor of 2.472.

*USPS Marketing Mail (Commercial and Nonprofit)
Every Door Direct Mail—Retail***1235** **Every Door Direct Mail—Retail**

1235.4 Price Categories

The following price categories are available for the product specified in this section:

- ~~Every Door Direct Mail—Retail Incentive Program~~

1235.6 Prices

Saturation Flats (3.3 ounces or less)

Entry Point	(\$)
DDU	<u>0.187</u>

~~Every Door Direct Mail—Retail Incentive Program~~

~~Provide a 10 percent discount on qualifying postage for each Every Door Direct Mail—Retail piece mailed between August 1, 2020 and September 30, 2020.~~

Periodicals
*In-County Periodicals***1300 Periodicals**

1305 In-County Periodicals

1305.6 Prices*In-County Automation*

a. Pound Prices (per pound or fraction thereof)

b. Piece Prices (per addressed piece)

Presort Level	Letters (\$)	Flats (\$)
5-Digit	0.059	<u>0.163</u>
3-Digit	<u>0.083</u>	<u>0.212</u>
Basic	<u>0.091</u>	<u>0.234</u>

In-County Nonautomation

a. Pound Prices (per pound or fraction thereof)

*Periodicals
In-County Periodicals*

b. Piece Prices (per addressed piece)

Presort Level	Letters, Flats, and Parcels (\$)
Carrier Route Saturation	0.039
Carrier Route High Density	<u>0.059</u>
Carrier Route Basic	<u>0.085</u>
5-Digit	<u>0.215</u>
3-Digit	<u>0.268</u>
Basic	<u>0.303</u>

Worksharing Discount for DDU

Each DDU entered piece receives a discount of \$0.0129.

In-County Periodicals including a Ride-Along piece

Add \$0.19084 for a Ride-Along item enclosed with or attached to an In-County Periodical.

1310 Outside County Periodicals

1310.6 Prices

Pound Prices (per pound or fraction thereof)

Entry Level or Zone	Regular		Science of Agriculture	
	Advertising (\$)	Editorial (\$)	Advertising (\$)	Editorial (\$)
DDU	0.120	<u>0.090</u>	0.090	<u>0.090</u>
DSCF	0.176	0.132	0.132	0.132
DADC	0.188	0.141	0.141	0.141
Zones 1 & 2	<u>0.294</u>	<u>0.185</u>	<u>0.220</u>	<u>0.185</u>
Zone 3	<u>0.294</u>	<u>0.185</u>	<u>0.220</u>	<u>0.185</u>
Zone 4	<u>0.294</u>	<u>0.185</u>	<u>0.220</u>	<u>0.185</u>
Zone 5	<u>0.294</u>	<u>0.185</u>	<u>0.220</u>	<u>0.185</u>
Zone 6	<u>0.294</u>	<u>0.185</u>	<u>0.220</u>	<u>0.185</u>
Zone 7	<u>0.294</u>	<u>0.185</u>	<u>0.220</u>	<u>0.185</u>
Zone 8	<u>0.294</u>	<u>0.185</u>	<u>0.220</u>	<u>0.185</u>
Zone 9	<u>0.294</u>	<u>0.185</u>	<u>0.220</u>	<u>0.185</u>

Piece Price (per addressed piece)

a. Carrier Route Letters, Flats, and Parcels

Bundle Level	Letters, Flats, and Parcels (\$)
Saturation	<u>0.170</u>
High Density	<u>0.192</u>
Basic	<u>0.225</u>

*Periodicals
Outside County Periodicals*

b. Barcoded Letters

Bundle Level	Barcoded Letters (\$)
5-Digit	<u>0.317</u>
3-Digit/SCF	<u>0.341</u>
ADC	<u>0.347</u>
Mixed ADC	<u>0.366</u>

c. Machinable Flats and Nonbarcoded Letters

Bundle Level	Barcoded Flats (\$)	Nonbarcoded Flats (\$)	Nonbarcoded Letters (\$)
5-Digit	<u>0.424</u>	<u>0.446</u>	<u>0.446</u>
3-Digit/SCF	<u>0.555</u>	<u>0.595</u>	<u>0.595</u>
ADC	<u>0.595</u>	<u>0.640</u>	<u>0.640</u>
Mixed ADC	<u>0.659</u>	<u>0.720</u>	<u>0.720</u>

d. Nonmachinable Flats and Parcels

Bundle Level	Barcoded Flats (\$)	Nonbarcoded Flats (\$)	Parcels (\$)
5-Digit	<u>0.627</u>	<u>0.629</u>	<u>0.629</u>
3-Digit/SCF	<u>0.728</u>	<u>0.728</u>	<u>0.728</u>
ADC	<u>0.776</u>	<u>0.782</u>	<u>0.782</u>
Mixed ADC	<u>0.901</u>	<u>0.901</u>	<u>0.901</u>

e. Editorial Adjustment

f. Firm Bundle Piece Price

Firm bundles are charged a single-piece price of ~~\$0.210~~ \$0.220.

Bundle Prices (per bundle)

Bundle Level	Container Level				
	Carrier Route (\$)	5-Digit (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
Firm	<u>0.165</u>	<u>0.165</u>	<u>0.428</u>	<u>0.476</u>	<u>0.681</u>
Carrier Route	0.191	0.191	<u>0.687</u>	<u>0.927</u>	<u>1.201</u>
5-Digit		<u>0.395</u>	<u>0.467</u>	<u>0.597</u>	<u>0.893</u>
3-Digit/SFC			<u>0.410</u>	<u>0.546</u>	<u>0.847</u>
ADC				<u>0.435</u>	<u>0.727</u>
Mixed ADC					<u>0.239</u>

Container Prices (per pallet, tray, or sack)

a. Pallet Container

Entry Point	Carrier Route (\$)	5-Digit (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
DDU	3.062				
DSCF	<u>30.623</u>	<u>46.523</u>	<u>28.566</u>		
DADC	<u>56.871</u>	<u>72.771</u>	<u>54.564</u>	<u>29.508</u>	
DNDC	<u>57.484</u>	<u>73.384</u>	<u>54.874</u>	<u>53.756</u>	
Origin	<u>80.891</u>	<u>96.791</u>	<u>76.341</u>	<u>77.252</u>	<u>20.091</u>

*Periodicals
Outside County Periodicals*

b. Sack Container

Entry Point	Carrier Route/ 5-Digit (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
DDU	<u>1.580</u>			
DSCF	<u>2.356</u>	<u>1.401</u>		
DADC	<u>3.979</u>	<u>3.373</u>	<u>1.972</u>	
DNDC	<u>4.286</u>	<u>3.526</u>	<u>3.467</u>	
Origin	<u>4.373</u>	<u>3.833</u>	<u>3.852</u>	<u>1.733</u>

Tray Container

Entry Point	Carrier Route/ 5-Digit (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
DDU	1.434			
DSCF	<u>2.155</u>	<u>1.278</u>		
DADC	<u>2.952</u>	<u>2.341</u>	<u>1.375</u>	
DNDC	<u>3.190</u>	<u>2.444</u>	<u>2.415</u>	
Origin	<u>4.330</u>	<u>3.558</u>	<u>3.712</u>	<u>1.318</u>

Outside County Periodicals including a Ride-Along piece

Add ~~\$0.181~~\$0.190 for a Ride-Along item enclosed with or attached to an Outside County Periodical.

*Package Services
Alaska Bypass***1400 Package Services**

1405 Alaska Bypass Service

1405.1 Description

Subject to applicable ~~FAA~~Federal Aviation Administration regulations, all appropriate palletized mail may be sent intra-Alaska from designated “hub points” to designated “bush points” via Alaska Bypass Service.

1405.6 Prices

Alaska Bypass

Prices are calculated by dividing the total weight of the shipment by 70 (subject to the maximum weight restriction) and multiplying the result (rounded to the nearest one-hundredth) by the appropriate Alaska Bypass price for the zone to which the parcel is addressed.

Maximum Weight (pounds)	Zones 1 & 2 (\$)	
70	<u>31.15</u>	

*Package Services
Bound Printed Matter Flats***1415 Bound Printed Matter Flats**

1415.6 Prices*Carrier Route*

1. Destination Entry

	DDU	DSCF	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	0.443	<u>0.654</u>	<u>1.146</u>	<u>1.146</u>	<u>1.146</u>	<u>1.146</u>
Per Pound	<u>0.029</u>	0.044	0.1	0.1	0.1	0.1

2. Other Than Destination Entry

	Zones Local 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zones 8 & 9
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>1.261</u>	<u>1.261</u>	<u>1.261</u>	<u>1.261</u>	<u>1.261</u>	<u>1.261</u>	<u>1.261</u>
Per Pound	<u>0.200</u>	<u>0.200</u>	<u>0.200</u>	<u>0.200</u>	<u>0.200</u>	<u>0.200</u>	<u>0.200</u>

Presorted

1. Destination Entry¹

	DDU	DSCF	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.595</u>	<u>0.806</u>	<u>1.298</u>	<u>1.298</u>	<u>1.298</u>	<u>1.298</u>
Per Pound	<u>0.029</u>	0.044	0.1	0.1	0.1	0.1

*Package Services
Bound Printed Matter Flats*

2. Other Than Destination Entry

	Zones Local 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
Per Piece	<u>1.413</u>	<u>1.413</u>	<u>1.413</u>	<u>1.413</u>	<u>1.413</u>	<u>1.413</u>	<u>1.413</u>
Per Pound	<u>0.200</u>	<u>0.200</u>	<u>0.200</u>	<u>0.200</u>	<u>0.200</u>	<u>0.200</u>	<u>0.200</u>

*Package Services
Bound Printed Matter Flats**Nonpresorted*

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
1.0	<u>2.33</u>	<u>2.33</u>	<u>2.33</u>	<u>2.33</u>	<u>2.33</u>	<u>2.33</u>	<u>2.33</u>
1.5	<u>2.46</u>	<u>2.46</u>	<u>2.46</u>	<u>2.46</u>	<u>2.46</u>	<u>2.46</u>	<u>2.46</u>
2.0	<u>2.59</u>	<u>2.59</u>	<u>2.59</u>	<u>2.59</u>	<u>2.59</u>	<u>2.59</u>	<u>2.59</u>
2.5	<u>2.74</u>	<u>2.74</u>	<u>2.74</u>	<u>2.74</u>	<u>2.74</u>	<u>2.74</u>	<u>2.74</u>
3.0	<u>2.88</u>	<u>2.88</u>	<u>2.88</u>	<u>2.88</u>	<u>2.88</u>	<u>2.88</u>	<u>2.88</u>
3.5	<u>3.04</u>	<u>3.04</u>	<u>3.04</u>	<u>3.04</u>	<u>3.04</u>	<u>3.04</u>	<u>3.04</u>
4.0	<u>3.22</u>	<u>3.22</u>	<u>3.22</u>	<u>3.22</u>	<u>3.22</u>	<u>3.22</u>	<u>3.22</u>
4.5	<u>3.39</u>	<u>3.39</u>	<u>3.39</u>	<u>3.39</u>	<u>3.39</u>	<u>3.39</u>	<u>3.39</u>
5.0	<u>3.57</u>	<u>3.57</u>	<u>3.57</u>	<u>3.57</u>	<u>3.57</u>	<u>3.57</u>	<u>3.57</u>
6.0	<u>3.77</u>	<u>3.77</u>	<u>3.77</u>	<u>3.77</u>	<u>3.77</u>	<u>3.77</u>	<u>3.77</u>
7.0	<u>3.98</u>	<u>3.98</u>	<u>3.98</u>	<u>3.98</u>	<u>3.98</u>	<u>3.98</u>	<u>3.98</u>
8.0	<u>4.20</u>	<u>4.20</u>	<u>4.20</u>	<u>4.20</u>	<u>4.20</u>	<u>4.20</u>	<u>4.20</u>
9.0	<u>4.43</u>	<u>4.43</u>	<u>4.43</u>	<u>4.43</u>	<u>4.43</u>	<u>4.43</u>	<u>4.43</u>
10.0	<u>4.67</u>	<u>4.67</u>	<u>4.67</u>	<u>4.67</u>	<u>4.67</u>	<u>4.67</u>	<u>4.67</u>
11.0	<u>4.93</u>	<u>4.93</u>	<u>4.93</u>	<u>4.93</u>	<u>4.93</u>	<u>4.93</u>	<u>4.93</u>
12.0	<u>5.20</u>	<u>5.20</u>	<u>5.20</u>	<u>5.20</u>	<u>5.20</u>	<u>5.20</u>	<u>5.20</u>
13.0	<u>5.49</u>	<u>5.49</u>	<u>5.49</u>	<u>5.49</u>	<u>5.49</u>	<u>5.49</u>	<u>5.49</u>
14.0	<u>5.79</u>	<u>5.79</u>	<u>5.79</u>	<u>5.79</u>	<u>5.79</u>	<u>5.79</u>	<u>5.79</u>
15.0	<u>6.11</u>	<u>6.11</u>	<u>6.11</u>	<u>6.11</u>	<u>6.11</u>	<u>6.11</u>	<u>6.11</u>

Forwarding-and-Return-Service

If Forwarding Service is used in conjunction with electronic Address Correction Service, forwarded flats pay ~~\$3.30~~\$3.50 per piece. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate Bound Printed Matter Flats Nonpresorted price for the piece.

1420 Bound Printed Matter Parcels

1420.6 Prices

Carrier Route

a. Destination Entry

	DDU	DSCF	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.786</u>	<u>1.003</u>	<u>1.488</u>	<u>1.488</u>	<u>1.488</u>	<u>1.488</u>
Per Pound	<u>0.059</u>	<u>0.086</u>	<u>0.147</u>	<u>0.147</u>	<u>0.147</u>	<u>0.147</u>

b. Other Than Destination Entry

[illegible]

a. Destination Entry

b. Other Than Destination Entry[illegible]

*Package Services
Bound Printed Matter Parcels*

Nonpresorted

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
1.0	<u>3.59</u>	<u>3.59</u>	<u>3.59</u>	<u>3.59</u>	<u>3.59</u>	<u>3.59</u>	<u>3.59</u>
1.5	<u>3.68</u>	<u>3.68</u>	<u>3.68</u>	<u>3.68</u>	<u>3.68</u>	<u>3.68</u>	<u>3.68</u>
2.0	<u>3.77</u>	<u>3.77</u>	<u>3.77</u>	<u>3.77</u>	<u>3.77</u>	<u>3.77</u>	<u>3.77</u>
2.5	<u>3.93</u>	<u>3.93</u>	<u>3.93</u>	<u>3.93</u>	<u>3.93</u>	<u>3.93</u>	<u>3.93</u>
3.0	<u>4.10</u>	<u>4.10</u>	<u>4.10</u>	<u>4.10</u>	<u>4.10</u>	<u>4.10</u>	<u>4.10</u>
3.5	<u>4.29</u>	<u>4.29</u>	<u>4.29</u>	<u>4.29</u>	<u>4.29</u>	<u>4.29</u>	<u>4.29</u>
4.0	<u>4.45</u>	<u>4.45</u>	<u>4.45</u>	<u>4.45</u>	<u>4.45</u>	<u>4.45</u>	<u>4.45</u>
4.5	<u>4.62</u>	<u>4.62</u>	<u>4.62</u>	<u>4.62</u>	<u>4.62</u>	<u>4.62</u>	<u>4.62</u>
5.0	<u>4.79</u>	<u>4.79</u>	<u>4.79</u>	<u>4.79</u>	<u>4.79</u>	<u>4.79</u>	<u>4.79</u>
6.0	<u>5.13</u>	<u>5.13</u>	<u>5.13</u>	<u>5.13</u>	<u>5.13</u>	<u>5.13</u>	<u>5.13</u>
7.0	<u>5.49</u>	<u>5.49</u>	<u>5.49</u>	<u>5.49</u>	<u>5.49</u>	<u>5.49</u>	<u>5.49</u>
8.0	<u>5.82</u>	<u>5.82</u>	<u>5.82</u>	<u>5.82</u>	<u>5.82</u>	<u>5.82</u>	<u>5.82</u>
9.0	<u>6.17</u>	<u>6.17</u>	<u>6.17</u>	<u>6.17</u>	<u>6.17</u>	<u>6.17</u>	<u>6.17</u>
10.0	<u>6.49</u>	<u>6.49</u>	<u>6.49</u>	<u>6.49</u>	<u>6.49</u>	<u>6.49</u>	<u>6.49</u>
11.0	<u>6.87</u>	<u>6.87</u>	<u>6.87</u>	<u>6.87</u>	<u>6.87</u>	<u>6.87</u>	<u>6.87</u>
12.0	<u>7.19</u>	<u>7.19</u>	<u>7.19</u>	<u>7.19</u>	<u>7.19</u>	<u>7.19</u>	<u>7.19</u>
13.0	<u>7.53</u>	<u>7.53</u>	<u>7.53</u>	<u>7.53</u>	<u>7.53</u>	<u>7.53</u>	<u>7.53</u>
14.0	<u>7.89</u>	<u>7.89</u>	<u>7.89</u>	<u>7.89</u>	<u>7.89</u>	<u>7.89</u>	<u>7.89</u>
15.0	<u>8.23</u>	<u>8.23</u>	<u>8.23</u>	<u>8.23</u>	<u>8.23</u>	<u>8.23</u>	<u>8.23</u>

*Package Services
Media Mail/Library Mail***1425 Media Mail/Library Mail**

1425.6 Prices

Media Mail

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
1	<u>2.17</u>	<u>3.26</u>	<u>3.49</u>
2	<u>2.84</u>	<u>3.93</u>	<u>4.16</u>
3	<u>3.51</u>	<u>4.60</u>	<u>4.83</u>
4	<u>4.18</u>	<u>5.27</u>	<u>5.50</u>
5	<u>4.85</u>	<u>5.94</u>	<u>6.17</u>
6	<u>5.52</u>	<u>6.61</u>	<u>6.84</u>
7	<u>6.19</u>	<u>7.28</u>	<u>7.51</u>
8	<u>6.89</u>	<u>7.98</u>	<u>8.21</u>
9	<u>7.59</u>	<u>8.68</u>	<u>8.91</u>
10	<u>8.29</u>	<u>9.38</u>	<u>9.61</u>
11	<u>8.99</u>	<u>10.08</u>	<u>10.31</u>
12	<u>9.69</u>	<u>10.78</u>	<u>11.01</u>
13	<u>10.39</u>	<u>11.48</u>	<u>11.71</u>
14	<u>11.09</u>	<u>12.18</u>	<u>12.41</u>
15	<u>11.79</u>	<u>12.88</u>	<u>13.11</u>
16	<u>12.49</u>	<u>13.58</u>	<u>13.81</u>
17	<u>13.19</u>	<u>14.28</u>	<u>14.51</u>
18	<u>13.89</u>	<u>14.98</u>	<u>15.21</u>
19	<u>14.59</u>	<u>15.68</u>	<u>15.91</u>
20	<u>15.29</u>	<u>16.38</u>	<u>16.61</u>
21	<u>15.99</u>	<u>17.08</u>	<u>17.31</u>
22	<u>16.69</u>	<u>17.78</u>	<u>18.01</u>
23	<u>17.39</u>	<u>18.48</u>	<u>18.71</u>
24	<u>18.09</u>	<u>19.18</u>	<u>19.41</u>
25	<u>18.79</u>	<u>19.88</u>	<u>20.11</u>

Package Services
Media Mail/Library Mail*Media Mail (Continued)*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
26	<u>19.49</u>	<u>20.58</u>	<u>20.81</u>
27	<u>20.19</u>	<u>21.28</u>	<u>21.51</u>
28	<u>20.89</u>	<u>21.98</u>	<u>22.21</u>
29	<u>21.59</u>	<u>22.68</u>	<u>22.91</u>
30	<u>22.29</u>	<u>23.38</u>	<u>23.61</u>
31	<u>22.99</u>	<u>24.08</u>	<u>24.31</u>
32	<u>23.69</u>	<u>24.78</u>	<u>25.01</u>
33	<u>24.39</u>	<u>25.48</u>	<u>25.71</u>
34	<u>25.09</u>	<u>26.18</u>	<u>26.41</u>
35	<u>25.79</u>	<u>26.88</u>	<u>27.11</u>
36	<u>26.49</u>	<u>27.58</u>	<u>27.81</u>
37	<u>27.19</u>	<u>28.28</u>	<u>28.51</u>
38	<u>27.89</u>	<u>28.98</u>	<u>29.21</u>
39	<u>28.59</u>	<u>29.68</u>	<u>29.91</u>
40	<u>29.29</u>	<u>30.38</u>	<u>30.61</u>
41	<u>29.99</u>	<u>31.08</u>	<u>31.31</u>
42	<u>30.69</u>	<u>31.78</u>	<u>32.01</u>
43	<u>31.39</u>	<u>32.48</u>	<u>32.71</u>
44	<u>32.09</u>	<u>33.18</u>	<u>33.41</u>
45	<u>32.79</u>	<u>33.88</u>	<u>34.11</u>
46	<u>33.49</u>	<u>34.58</u>	<u>34.81</u>
47	<u>34.19</u>	<u>35.28</u>	<u>35.51</u>
48	<u>34.89</u>	<u>35.98</u>	<u>36.21</u>
49	<u>35.59</u>	<u>36.68</u>	<u>36.91</u>
50	<u>36.29</u>	<u>37.38</u>	<u>37.61</u>

Package Services
Media Mail/Library Mail*Media Mail (Continued)*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
51	<u>36.99</u>	<u>38.08</u>	<u>38.31</u>
52	<u>37.69</u>	<u>38.78</u>	<u>39.01</u>
53	<u>38.39</u>	<u>39.48</u>	<u>39.71</u>
54	<u>39.09</u>	<u>40.18</u>	<u>40.41</u>
55	<u>39.79</u>	<u>40.88</u>	<u>41.11</u>
56	<u>40.49</u>	<u>41.58</u>	<u>41.81</u>
57	<u>41.19</u>	<u>42.28</u>	<u>42.51</u>
58	<u>41.89</u>	<u>42.98</u>	<u>43.21</u>
59	<u>42.59</u>	<u>43.68</u>	<u>43.91</u>
60	<u>43.29</u>	<u>44.38</u>	<u>44.61</u>
61	<u>43.99</u>	<u>45.08</u>	<u>45.31</u>
62	<u>44.69</u>	<u>45.78</u>	<u>46.01</u>
63	<u>45.39</u>	<u>46.48</u>	<u>46.71</u>
64	<u>46.09</u>	<u>47.18</u>	<u>47.41</u>
65	<u>46.79</u>	<u>47.88</u>	<u>48.11</u>
66	<u>47.49</u>	<u>48.58</u>	<u>48.81</u>
67	<u>48.19</u>	<u>49.28</u>	<u>49.51</u>
68	<u>48.89</u>	<u>49.98</u>	<u>50.21</u>
69	<u>49.59</u>	<u>50.68</u>	<u>50.91</u>
70	<u>50.29</u>	<u>51.38</u>	<u>51.61</u>

Package Services
Media Mail/Library Mail*Library Mail*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
1	<u>2.06</u>	<u>3.10</u>	<u>3.32</u>
2	<u>2.69</u>	<u>3.73</u>	<u>3.95</u>
3	<u>3.32</u>	<u>4.36</u>	<u>4.58</u>
4	<u>3.95</u>	<u>4.99</u>	<u>5.21</u>
5	<u>4.58</u>	<u>5.62</u>	<u>5.84</u>
6	<u>5.21</u>	<u>6.25</u>	<u>6.47</u>
7	<u>5.84</u>	<u>6.88</u>	<u>7.10</u>
8	<u>6.50</u>	<u>7.54</u>	<u>7.76</u>
9	<u>7.16</u>	<u>8.20</u>	<u>8.42</u>
10	<u>7.82</u>	<u>8.86</u>	<u>9.08</u>
11	<u>8.48</u>	<u>9.52</u>	<u>9.74</u>
12	<u>9.14</u>	<u>10.18</u>	<u>10.40</u>
13	<u>9.80</u>	<u>10.84</u>	<u>11.06</u>
14	<u>10.46</u>	<u>11.50</u>	<u>11.72</u>
15	<u>11.12</u>	<u>12.16</u>	<u>12.38</u>
16	<u>11.78</u>	<u>12.82</u>	<u>13.04</u>
17	<u>12.44</u>	<u>13.48</u>	<u>13.70</u>
18	<u>13.10</u>	<u>14.14</u>	<u>14.36</u>
19	<u>13.76</u>	<u>14.80</u>	<u>15.02</u>
20	<u>14.42</u>	<u>15.46</u>	<u>15.68</u>
21	<u>15.08</u>	<u>16.12</u>	<u>16.34</u>
22	<u>15.74</u>	<u>16.78</u>	<u>17.00</u>
23	<u>16.40</u>	<u>17.44</u>	<u>17.66</u>
24	<u>17.06</u>	<u>18.10</u>	<u>18.32</u>
25	<u>17.72</u>	<u>18.76</u>	<u>18.98</u>

Package Services
Media Mail/Library Mail*Library Mail (Continued)*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
26	<u>18.38</u>	<u>19.42</u>	<u>19.64</u>
27	<u>19.04</u>	<u>20.08</u>	<u>20.30</u>
28	<u>19.70</u>	<u>20.74</u>	<u>20.96</u>
29	<u>20.36</u>	<u>21.40</u>	<u>21.62</u>
30	<u>21.02</u>	<u>22.06</u>	<u>22.28</u>
31	<u>21.68</u>	<u>22.72</u>	<u>22.94</u>
32	<u>22.34</u>	<u>23.38</u>	<u>23.60</u>
33	<u>23.00</u>	<u>24.04</u>	<u>24.26</u>
34	<u>23.66</u>	<u>24.70</u>	<u>24.92</u>
35	<u>24.32</u>	<u>25.36</u>	<u>25.58</u>
36	<u>24.98</u>	<u>26.02</u>	<u>26.24</u>
37	<u>25.64</u>	<u>26.68</u>	<u>26.90</u>
38	<u>26.30</u>	<u>27.34</u>	<u>27.56</u>
39	<u>26.96</u>	<u>28.00</u>	<u>28.22</u>
40	<u>27.62</u>	<u>28.66</u>	<u>28.88</u>
41	<u>28.28</u>	<u>29.32</u>	<u>29.54</u>
42	<u>28.94</u>	<u>29.98</u>	<u>30.20</u>
43	<u>29.60</u>	<u>30.64</u>	<u>30.86</u>
44	<u>30.26</u>	<u>31.30</u>	<u>31.52</u>
45	<u>30.92</u>	<u>31.96</u>	<u>32.18</u>
46	<u>31.58</u>	<u>32.62</u>	<u>32.84</u>
47	<u>32.24</u>	<u>33.28</u>	<u>33.50</u>
48	<u>32.90</u>	<u>33.94</u>	<u>34.16</u>
49	<u>33.56</u>	<u>34.60</u>	<u>34.82</u>
50	<u>34.22</u>	<u>35.26</u>	<u>35.48</u>

Package Services
Media Mail/Library Mail*Library Mail (Continued)*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
51	<u>34.88</u>	<u>35.92</u>	<u>36.14</u>
52	<u>35.54</u>	<u>36.58</u>	<u>36.80</u>
53	<u>36.20</u>	<u>37.24</u>	<u>37.46</u>
54	<u>36.86</u>	<u>37.90</u>	<u>38.12</u>
55	<u>37.52</u>	<u>38.56</u>	<u>38.78</u>
56	<u>38.18</u>	<u>39.22</u>	<u>39.44</u>
57	<u>38.84</u>	<u>39.88</u>	<u>40.10</u>
58	<u>39.50</u>	<u>40.54</u>	<u>40.76</u>
59	<u>40.16</u>	<u>41.20</u>	<u>41.42</u>
60	<u>40.82</u>	<u>41.86</u>	<u>42.08</u>
61	<u>41.48</u>	<u>42.52</u>	<u>42.74</u>
62	<u>42.14</u>	<u>43.18</u>	<u>43.40</u>
63	<u>42.80</u>	<u>43.84</u>	<u>44.06</u>
64	<u>43.46</u>	<u>44.50</u>	<u>44.72</u>
65	<u>44.12</u>	<u>45.16</u>	<u>45.38</u>
66	<u>44.78</u>	<u>45.82</u>	<u>46.04</u>
67	<u>45.44</u>	<u>46.48</u>	<u>46.70</u>
68	<u>46.10</u>	<u>47.14</u>	<u>47.36</u>
69	<u>46.76</u>	<u>47.80</u>	<u>48.02</u>
70	<u>47.42</u>	<u>48.46</u>	<u>48.68</u>

1500 Special Services

1505 Ancillary Services**1505.1 Address Correction Service**

1505.1.2 Prices

	(\$)
Manual correction, each	
First-Class Mail or First-Class Package Service piece, on-piece correction only	0.00
Other	<u>0.70</u>
Electronic correction, each	
First-Class Mail or First-Class Package Service piece	<u>0.17</u>
Other	<u>0.37</u>
Automated correction (Letters Only)	
First-Class Mail piece	
First two notices, for a given address change, each	<u>0.11</u>
Additional notices, for a given address change, each	<u>0.18</u>
USPS Marketing Mail piece	
First two notices, for a given address change, each	<u>0.14</u>
Additional notices, for a given address change, each	<u>0.33</u>
Full-service correction, each	0.00

1505.2 Applications and Mailing Permits

1505.2.2 Prices

	(\$)
First-Class Mail Presort Mailing Fee (per year)	<u>275.00</u>
USPS Marketing Mail Mailing Fee (per year)	<u>275.00</u>
Periodicals Application Fees (one-time only for each)	
A. Original Entry	<u>855.00</u>
B. Re-entry	<u>110.00</u>
C. Registration for News Agents	<u>110.00</u>
Bound Printed Matter: Destination Entry Mailing Fee (per year) ¹	<u>275.00</u>
Application to Use Permit Imprint (one-time only)	<u>275.00</u>

1505.3 Business Reply Mail

1505.3.2 Prices

	(\$)
Permit (All categories)	<u>275.00¹</u>
Regular (no account maintenance fee)	
Per-piece charge	<u>0.96</u>
Regular (with account maintenance fee)	
Account maintenance (per year)	<u>825.00</u>
Per-piece charge	<u>0.115</u>
Qualified Business Reply Mail, low-volume	
Account maintenance (per year)	<u>825.00</u>
Per-piece charge	<u>0.084</u>
Qualified Business Reply Mail, high-volume	
Account maintenance (per year)	<u>825.00</u>
Quarterly	<u>2,850.00</u>
Per-piece charge	<u>0.018</u>
Bulk Weight Averaged (Non-letters only)	
Account maintenance (per year)	<u>825.00</u>
Per-piece charge	<u>0.025</u>
Monthly maintenance	<u>1,395.00</u>

1505.4 Bulk Parcel Return Service

1505.4.2 Prices

	(\$)
Per-piece charge	<u>4.15</u>

1505.5 Certified Mail

1505.5.2 Prices

(Per piece)	(\$)
Certified Mail	<u>4.00</u>
Certified Mail with Restricted Delivery and/or Adult Signature	<u>10.35</u>

1505.6 Certificate of Mailing

1505.6.2 Prices*Individual Piece Prices*

	(\$)
Original Certificate of Mailing, Form 3817, individual article presented at retail	<u>1.75</u>
Three or more pieces individually listed on Form 3665-Firm or USPS approved customer provided manifest (per piece listed)	<u>0.50</u>
Each additional copy of original Certificate of Mailing, or original mailing receipt (Form 3877) for Registered Mail, insured mail, Certified Mail, and COD mail (each copy)	<u>1.75</u>

Quantity of Pieces

	(\$)
Up to 1,000 identical-weight pieces (one Form 3606 for total number)	<u>9.95</u>
Each additional 1,000 identical-weight pieces or fraction thereof	<u>1.30</u>
Each additional copy of the original Form 3606	<u>1.75</u>

*Special Services
Ancillary Services***1505.7 Collect on Delivery**

1505.7.2 Prices

(\$)		(\$)	(\$)
Amount to be collected, or insurance coverage desired, whichever is higher:			
0.01	to	50.00	<u>9.20</u>
50.01	to	100.00	<u>11.40</u>
100.01	to	200.00	<u>13.90</u>
200.01	to	300.00	<u>16.40</u>
300.01	to	400.00	<u>18.90</u>
400.01	to	500.00	<u>21.40</u>
500.01	to	600.00	<u>23.90</u>
600.01	to	700.00	<u>26.40</u>
700.01	to	800.00	<u>28.90</u>
800.01	to	900.00	<u>31.40</u>
900.01	to	1,000.00	<u>33.90</u>
Additional Fees for Optional Features:			
COD Restricted Delivery			<u>6.25</u>

1505.8 USPS Tracking

1505.8.2 Prices

	(\$)
USPS Marketing Mail Parcels	
Electronic	<u>0.26</u>

*Special Services
Ancillary Services***1505.9 Insurance**

1505.9.2 Prices

Merchandise Coverage^{1, 2, 3}

(\$)		(\$)		(\$)
0.01	to	50.00		<u>2.60</u>
50.01	to	100.00		<u>3.35</u>
100.01	to	200.00		<u>4.10</u>
200.01	to	300.00		<u>5.40</u>
300.01	to	400.00		<u>6.80</u>
400.01	to	500.00		<u>8.15</u>
500.01	to	600.00		<u>11.00</u>
600.01	to	5,000.00		<u>11.00</u> plus <u>1.65</u> for each 100.00 or fraction thereof over 600.00
Additional Fee for Optional Feature				
Insurance Restricted Delivery				<u>6.25</u>

Notes

- Up to ~~\$50.00~~ \$100.00 of Insurance coverage is included at no additional cost in the price of Priority Mail pieces that bear an Intelligent Mail package barcode or retail tracking barcode. This does not apply to Priority Mail pieces sent using Priority Mail Open and Distribute, or Premium Forwarding Service, or as non-prepaid returns.

1505.11 Parcel Airlift (PAL)

1505.11.2 Prices

	(\$)
For pieces weighing:	
Not more than 2 pounds	<u>1.05</u>
Over 2 but not more than 3 pounds	<u>1.75</u>
Over 3 but not more than 4 pounds	<u>2.40</u>
Over 4 but not more than 30 pounds	<u>3.10</u>

1505.12 Registered Mail

1505.12.2 Prices

(\$)		(\$)	(\$)
Declared Value:			
0.00			<u>14.65</u>
0.01	to	100.00	<u>15.25</u>
100.01	to	500.00	<u>17.55</u>
500.01	to	1,000.00	<u>19.50</u>
1,000.01	to	2,000.00	<u>21.45</u>
2,000.01	to	3,000.00	<u>23.40</u>
3,000.01	to	4,000.00	<u>25.35</u>
4,000.01	to	5,000.00	<u>27.30</u>
5,000.01	to	15,000,000.00	<u>27.30</u> plus <u>1.95</u> for each 1000.00 or fraction thereof over 5,000.00
Greater than		15,000,000.00	<u>29,267.55</u> plus amount determined by the Postal Service based on weight, space, and value
Additional Fees for Optional Features:			
Registered Mail Restricted Delivery			<u>6.25</u>
Registered COD			<u>7.05</u>

*Special Services
Ancillary Services***1505.13 Return Receipt**

1505.13.2 Prices

	(\$)
Original signature (hardcopy)	<u>3.25</u>
Copy of signature (electronic)	<u>2.00</u>

1505.14 **[Reserved]**

1505.15 **[Reserved]**

Special Services
*Ancillary Services***1505.16 Shipper-Paid Forwarding/Return**

1505.16.2 Prices

	(\$)
Account Maintenance Fee (per year)	<u>825.00</u>

*Special Services
Ancillary Services***1505.17 Signature Confirmation**

1505.17.2 Prices

	(\$)
Electronic	<u>3.10</u>
Retail	<u>3.65</u>
Additional Fee for Optional Feature:	
Signature Confirmation Restricted Delivery	<u>6.25</u>

1505.19 Stamped Envelopes

1505.19.2 Prices

	(\$)
Plain stamped envelopes	
Basic, size 6-3/4, each	<u>0.16</u>
Basic, size 6-3/4, 500	<u>20.85</u>
Basic, over size 6-3/4, each	<u>0.16</u>
Basic, over size 6-3/4, 500	<u>23.75</u>
Personalized stamped envelopes	
Basic, size 6-3/4, 50	<u>6.95</u>
Basic, size 6-3/4, 500	<u>32.00</u>
Basic, over size 6-3/4, 50	<u>6.95</u>
Basic, over size 6-3/4, 500	<u>36.25</u>
Additional Charges for premium options, per 50 envelopes	
Pressure-sensitive sealing	<u>6.30</u>
Font size, font style, and/or ink color (for one, two, or all three)	<u>1.30</u>
Window	<u>1.30</u>
Additional Charges for premium options, per 500 envelopes	
Pressure-sensitive sealing	<u>18.45</u>
Font size, font style, and/or ink color (for one, two, or all three)	<u>2.60</u>
Window	<u>2.60</u>

*Special Services
Ancillary Services*

	(\$)
Shipping—Boxes of 50	
1 box	<u>6.45</u>
2 boxes	<u>7.90</u>
3 boxes	<u>9.35</u>
4 boxes	<u>10.55</u>
5 boxes	<u>13.00</u>
6 boxes	<u>13.95</u>
7 boxes	<u>15.50</u>
8 boxes	<u>17.05</u>
9 or more boxes	<u>19.40</u>
Shipping—Boxes of 500	
1 box	<u>11.90</u>
2 or more boxes	<u>19.40</u>

1505.20 Stamped Cards

1505.20.2 Prices

	(\$)
Single card	0.05
Double reply-paid card	0.10
Sheet of 40 cards (uncut)	2.00
Pack of 10 sheets of 4 cards each	2.25
Premium Options (Additional Charge)	(\$)
Per order of 250 cards	
Printing of return address	<u>22.90</u>
Font size, font style, and/or ink color (for one, two, or all three)	<u>1.15</u>
Monogram	<u>1.15</u>
4-Color logo – first 250 cards	<u>94.00</u>
4-Color logo – additional 250 cards	<u>5.84</u>
Per Order of 1,000 cards	
Printing of return address	<u>57.00</u>
Font size, font style, and/or ink color (for one, two, or all three)	<u>2.30</u>
Monogram	<u>2.30</u>
4-Color logo – first 1,000 cards	<u>99.00</u>
4-Color logo – additional 1,000 cards	<u>11.65</u>

*Special Services
International Ancillary Services***1510 International Ancillary Services****1510.1 International Certificate of Mailing**

1510.1.2 Prices*Individual Piece Prices*

	(\$)
Original certificate of mailing for listed pieces of ordinary Single-Piece First-Class Mail International items	<u>1.75</u>
Three or more pieces individually listed in a firm mailing book or an approved customer provided manifest (per piece)	<u>0.50</u>
Each additional copy of original certificate of mailing or firm mailing bills (each copy)	<u>1.75</u>

Multiple Piece Prices

	(\$)
Up to 1,000 identical-weight pieces (one certificate for total number)	<u>9.95</u>
Each additional 1,000 identical-weight pieces or fraction thereof	<u>1.30</u>
Duplicate copy	<u>1.75</u>

*Special Services
International Ancillary Services***1510.2 International Registered Mail**

1510.2.2 Prices*Outbound International Registered Mail Prices*

	(\$)
Per Piece	<u>18.25</u>

*Special Services
International Ancillary Services*

1510.3 International Return Receipt

1510.3.2 Prices

Outbound International Return Receipt Prices

	(\$)
Per Piece	<u>5.05</u>

*Special Services
International Ancillary Services*

1510.4 Customs Clearance and Delivery Fee

1510.4.2 Prices

	(\$)
Per Dutiable Item	<u>7.50</u>

1515 Address Management Services

1515.1 Description

MASS (Multiline Accuracy Support System) Certification

MASS provides certification for multiline optical character readers, remote video encoding, local video encoding, and encoding stations (equipment). The MASS certification process is designed to evaluate the ability of the equipment to process address information using CASS (Coding Accuracy Support System) Certified™ software, and apply an accurate delivery point barcode to a mailpiece. The Postal Service separately certifies the equipment for a manufacturer and the user. Certified equipment can be used until the expiration of the applicable MASS cycle. Ordinarily, a MASS testing cycle extends from August 1st through July 31st of the next year, and permits use until the following July 31st. One-half the applicable fee is charged for recertification of a machine due to a move, transfer, or upgrade of the system. The initial MASS Certification test is provided at no charge and each subsequent test must pay the applicable fee.

*Special Services
Address Management Services*

1515.2 Prices

	(\$)
Address Sequencing	
Per correction (removal of each undeliverable address, or addition of each missing or new address)	<u>0.55</u>
Insertion of blanks	0.00
AEC II Service	
1-100 records resolved, minimum fee	<u>42.00</u>
Additional records resolved, per record	<u>0.42</u>
AIS (Address Information System) Viewer (per year, per site)	
City State Delivery Type Retrieval Annual Subscription	<u>105.00</u>
County Name Retrieval Annual Subscription	<u>105.00</u>
Delivery Statistic Retrieval Annual Subscription	<u>130.00</u>
ZIP + 4 Retrieval Annual Subscription	<u>105.00</u>
CRIS Route (per year)	
Per state (annual subscription)	<u>75.00*</u>
All States (annual subscription)	<u>1,175.00*</u>
CASS Certification	
Cycle Testing: (for next cycle) August-January	<u>800.00</u>
Cycle Testing: February, March	<u>800.00</u>
Cycle Testing: April	<u>800.00</u>
Cycle Testing: May	<u>800.00</u>
Cycle Testing: June	800.00
Cycle Testing: July	<u>800.00</u>
Cycle Testing: (for current cycle) After July 31 st	<u>800.00</u>

*Special Services
Address Management Services*

	(\$)
Change-of-Address Information for Election Boards and Registration Commissions	
Per change of address	<u>0.55</u>
Change-of-Address Customer Notification Letter Reprint	60.00
City State (per year)	
All States (annual subscription)	<u>480.00*</u>
CDS (per address, per year)	<u>0.15</u>
Minimum (per year)	<u>75.00</u>
Correction of Address Lists	
Per submitted address	<u>0.55</u>
Minimum charge per list (30 items)	<u>16.50</u>
Delivery Statistics (per year)	
All States (annual subscription)	<u>495.00*</u>
DMM Labeling Lists	<u>76.00*</u>
DPV System (per year) ³	<u>14,075.00</u>
DSF ² Service (per year) ⁴	<u>141,000.00</u>
Each additional location per year	<u>70,500.00</u>
Each additional platform per location per year	<u>70,500.00</u>
eLOT Service (per year)	
Per state (annual subscription)	<u>75.00*</u>
All States (annual subscription)	<u>1,175.00*</u>

	(\$)
Five-Digit ZIP (per year)	
All States (annual subscription)	<u>695.00*</u>
LACSLink5	
Interface Developer (first year)	<u>1,440.00⁶</u>
Interface Developer (each one-year extension)	<u>430.00⁶</u>
Interface Distributor (per year)	<u>1,650.00⁷</u>
Data Distributor (per year)	<u>430.00</u>
End User (per year)	<u>430.00⁸</u>
MASS Certification ⁹	
MASS Manufacturers (MLOCR)	
Cycle Testing: (for next cycle) November – June	<u>1,000.00⁹</u>
Cycle Testing: July	<u>1,000.00⁹</u>
Cycle Testing: (for current cycle) After July 31 st	<u>1,000.00¹⁰</u>
MASS End-Users (MLOCR)	
Cycle Testing: (for next cycle) March – June	<u>1,000.00⁹</u>
Cycle Testing: July	<u>1,000.00⁹</u>
Cycle Testing: (current cycle) After July 31 st	<u>1,000.00¹⁰</u>
MASS Manufacturers (Encoder)	
Cycle Testing: (for next cycle) November – June	<u>1,000.00⁹</u>
Cycle Testing: July	<u>1,000.00⁹</u>
Cycle Testing: (for current cycle) After July 31 st	<u>1,000.00¹⁰</u>
MASS End-Users (Encoder)	
Cycle Testing: (for next cycle) March – June	<u>1,000.00⁹</u>
Cycle Testing: July	<u>1,000.00⁹</u>
Cycle Testing: After July 31 st	<u>1,000.00¹⁰</u>
MASS IMb Quality Testing	<u>500.00</u>

*Special Services
Address Management Services*

	(\$)
NCOA ^{Link} Service ⁴⁴¹⁰	
Initial Interface Developer (first year fee)	<u>7,900.00</u>
Interface Developer (per each one-year extension)	<u>1,650.00</u>
Interface Distributor (per year)	<u>38,000.00</u>
Full Service Provider (per year)	<u>265,000.00</u>
Full Service Provider Each Additional Site (per year)	<u>130,000.00</u>
Limited Service Provider (per year)	<u>22,000.00</u>
Limited Service Provider (per each one-year extension)	
One Site only	<u>22,000.00</u>
Each additional site	<u>11,000.00</u>
ANKLink Service Option (per year)	
First Site	<u>5,200.00</u>
Each Additional Site	<u>2,400.00</u>
End User/MPE (first year)	<u>11,000.00</u>
End User/MPE (each renewal year)	
One site (each site for MPE)	<u>11,000.00</u>
Each additional site (End User only)	<u>5,200.00</u>
ANK ^{Link} Service Option (per year)	<u>1,200.00</u>
NCOA ^{Link} Test, Audit (each)	<u>1,600.00</u>
Official National Zone Charts (per year)	
Matrix	<u>75.00*</u>
RDI Service (per year) ¹	<u>445.00*</u>
Z4 Change (per year)	
All States	<u>4,250.00*</u>
ZIP + 4 Service (per year)	
Per state (annual subscription)	<u>75.00*</u>
All States (annual subscription)	<u>1,175.00*</u>
ZIP Code Sortation of Address Lists	
Per 1,000 addresses, or fraction	170.00
ZIP Move (per year)	
All States (annual subscription)	<u>160.00*</u>

*Special Services
Address Management Services*

99 Percent Accurate Method (per 1,000 addresses per year)	<u>1.45</u>
Minimum (per year)	<u>145.00</u>

Notes

4. Initial fee is prorated for first year based on the Postal fiscal quarter the agreement is executed. ~~There is no proration for additional locations or platforms.~~

9. ~~MASS fees are prorated at 50 percent of regular fee for new, transferred, or upgraded MLOCR/Encoder systems during testing cycle.~~
10. ~~MASS fees are pro prorated at 50 percent of regular fee for new, transferred, or upgraded MLOCR/Encoder systems outside of testing cycle.~~
9. The initial MASS Certification test is provided at no charge and each subsequent test must pay the applicable fee.
4410. NCOA^{Link} fees (excluding Interface Developer) prorated for first year based on the Postal fiscal quarter that the ~~month~~ Postal Service certifies system. ~~No proration for fees for additional sites.~~

AMS Price Table for Single Issues or Additional Copies

Number of Copies	*Price (from above)	Multiply by	Factor
Single Issue	*Price	x	0.75
1-100	*Price	x	2.00
101-200	*Price	x	4.00
201-300	*Price	x	6.00
301-400	*Price	x	8.00
401-500	*Price	x	10.00
501-600	*Price	x	12.00
601-700	*Price	x	14.00
701-800	*Price	x	16.00
801-900	*Price	x	18.00
901-1000	*Price	x	20.00
1001-10,000	*Price	x	25.00
10,001 – 20,000	*Price	x	30.00
20,001 – 30,000	*Price	x	35.00
30,001 and over	*Price	x	40.00
Unlimited quantity of any of the following: Five-Digit ZIP, City State, CRIS, Delivery Statistics, eLot, RDI Service, Z4Change, ZIPMove, ZIP + 4, DMM Labeling Lists, Official National Zone Charts	<u>\$15,000.00</u>	n/a	n/a

1520 Caller Service

1520.2 Prices

	(\$)
Groups based on Post Office location (Semi-Annual):	
Group 1	<u>935.00</u>
Group 2	<u>860.00</u>
Group 3	<u>790.00</u>
Group 4	<u>740.00</u>
Group 5	<u>705.00</u>
Group 6	<u>655.00</u>
Group 7	<u>625.00</u>
Call Number Reservation (Annual ¹)	<u>65.00</u>
Customized Address (charge per approved address ²)	
<u>First Year</u>	<u>2,000.00</u>
<u>Additional Year</u>	<u>1,000.00</u>

Notes

- a.
2. Caller Service customers who have been assigned a unique 5-digit Zip Code that is only used by their company can apply to use a customized address in place of their assigned PO Box Number.

Special Services
*International Business Reply Mail Service***1540 International Business Reply Mail Service**

1540.3 Prices

Outbound International Business Reply Mail Service Prices

	(\$)
Card	<u>1.90</u>
Envelope	<u>2.40</u>

*Special Services
Money Orders***1545 Money Orders**

1545.2 Prices

	(\$)		(\$)	(\$)
Domestic	0.01	to	500.00	<u>1.65</u>
Domestic	500.01	to	1,000.00	<u>2.20</u>
APO/FPO/DPO	0.01	to	1,000.00	<u>0.55</u>
Inquiry, including a copy of paid money order				<u>13.90</u>

Special Services
*Post Office Box Service***1550 Post Office Box Service**

1550.4 Prices

Regular and No Fee

Box Size	Semi-annual Fees ¹ (Groups based on Post Office location) (\$)							
	1	2	3	4	5	6	7	E ²
1	<u>67.00</u>	<u>54.00</u>	<u>46.00</u>	<u>37.00</u>	<u>33.00</u>	<u>29.00</u>	<u>26.00</u>	0.00
2	<u>97.00</u>	<u>80.00</u>	<u>65.00</u>	<u>54.00</u>	<u>45.00</u>	<u>38.00</u>	<u>33.00</u>	0.00
3	<u>169.00</u>	<u>136.00</u>	<u>112.00</u>	<u>85.00</u>	<u>70.00</u>	<u>54.00</u>	<u>49.00</u>	0.00
4	<u>306.00</u>	<u>254.00</u>	<u>207.00</u>	<u>159.00</u>	<u>121.00</u>	<u>89.00</u>	<u>74.00</u>	0.00
5	<u>480.00</u>	<u>395.00</u>	<u>323.00</u>	<u>272.00</u>	<u>194.00</u>	<u>155.00</u>	<u>129.00</u>	0.00

Box Size	3-Month Fees (Groups based on Post Office location) (\$)						
	1	2	3	4	5	6	7
1	<u>40.00</u>	<u>32.00</u>	<u>27.00</u>	<u>23.00</u>	<u>20.00</u>	<u>17.00</u>	<u>16.00</u>
2	<u>59.00</u>	<u>49.00</u>	<u>40.00</u>	<u>32.00</u>	<u>28.00</u>	<u>23.00</u>	<u>20.00</u>
3	<u>101.00</u>	<u>82.00</u>	<u>68.00</u>	<u>52.00</u>	<u>42.00</u>	<u>33.00</u>	<u>30.00</u>
4	<u>184.00</u>	<u>152.00</u>	<u>124.00</u>	<u>95.00</u>	<u>73.00</u>	<u>53.00</u>	<u>45.00</u>
5	<u>289.00</u>	<u>238.00</u>	<u>194.00</u>	<u>164.00</u>	<u>117.00</u>	<u>94.00</u>	<u>77.00</u>

1555 **[Reserved]**

Special Services
*Stamp Fulfillment Services***1560 Stamp Fulfillment Services**

1560.2 Prices

Orders mailed to domestic United States destinations	(\$)
Orders up to \$50.00	<u>1.50</u> ¹ , add <u>2.70</u> ² for custom orders
Orders over \$50.00	<u>2.10</u> ¹ , add <u>2.70</u> ² for custom orders
Orders mailed to destinations outside of domestic United States	(\$)
Orders up to \$50.00	<u>7.95</u> add <u>2.70</u> ² for custom orders
Orders over \$50.00	<u>8.55</u> add <u>2.70</u> ² for custom orders
